LETTER OF OFFER

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is sent to you as an equity shareholder of Pennar Industries Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or Manager to the Offer / Registrar to the Offer. In case you have recently sold your Shares in the Company, please hand over this Letter of Offer and the accompanying Form of Acceptance cum acknowledgement [which includes Form of Withdrawal] and transfer deed to the purchaser of Shares or the member of the stock exchange through whom the said sale was effected.

CASH OFFER
BY

Eight Capital Master Fund, Ltd ["Acquirers"]

Registered Office: M&C Corporate Services Limited, P.O. Box 309CE 1, Ugland House, South Church Street, George Town Grand Cayman, Cayman Islands Tel: 00 1 212 983 1030; Fax: 00 1 212 867 4525

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Spinnaker Global Opportunity Fund Ltd., Spinnaker Global Emerging Markets Fund Ltd. and Spinnaker Global Strategic Fund Ltd. ["Acquirers"]

Registered Office: C/o Maples Finance BVI Ltd., Sea Meadow House, P.O. Box 173, Road Town, Tortola, British Virgin Islands.
Tel No: 00 44 207 903 2914; Fax No: 00 44 207 903 2999

to acquire

upto 2,52,95,496 fully paid up equity shares of the face value of Rs. 5/- (Rupees Five only) each, representing 20.00% of the voting paid up equity share capital of Pennar Industries Limited, at a price of Rs. 28.45 (Rupees Twenty Eight and Paise Forty Five only) per fully paid up equity share ["Offer Price"] plus interest for delay in the offer schedule, of Rs. 2.00 (Rupee Two only) per fully paid up equity share at the rate of 10% p.a, to be paid to the eligible shareholders of PIL who held equity shares on the Specified Date, payable in cash of

PENNAR INDUSTRIES LIMITED
["the Company" / "PIL"]

Regd. Office: 1-10-75/1/1-6, 3rd Floor, Saptagiri Towers, S.P. Road, Begumpet, Hyderabad- 500 016, India.
Tel: 040-27766781-5; Fax: 040-27768056

Notes:

1. This Offer is being made pursuant to Regulation 10 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto ["**SEBI Takeover Regulations**"] for the purpose of substantial acquisition of Shares and voting rights of the Company without any change in control and management as the aggregate equity stake of the Acquirers in the paid up equity share capital of PIL, after the conversion of remaining Part A Convertible Debentures was more than 15%. The Acquirers confirm that there is no other person / individual / entity acting in concert with them for the purposes of this Offer. Further the shareholding of the Acquirers in PIL, assuming 100% response to the Offer would be less than shareholding of the Promoter and Promoter group of PIL. The Acquirers also confirm that they do not intend to have any rights that shall accord them control over PIL.
2. The equity shares that are tendered in the Offer, will be those held by resident shareholders and may be those held by non-resident Indians or persons resident outside India who are not non-resident Indians, including overseas corporate bodies, if any, holding equity shares who may be persons not covered by specific provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Reserve Bank of India ('**RBI**"), vide their letter dated April 9, 2008 granted approval to the Acquirers to acquire equity shares through open offer from the eligible public shareholders.
3. The Shareholders who have accepted the Offer by tendering the requisite documents in terms of the PA / Letter of Offer can withdraw the same up to three working days prior to the date of the closure of the Offer i.e. up to Thursday, July 15, 2010.
4. The Acquirers are permitted to revise the Offer Price upwards any time up to seven working days prior to the date of closure of the Offer i.e. up to Saturday July 10, 2010. If there is an upward revision of the Offer Price in terms of Regulation 26 of SEBI Takeover Regulations, the same would be informed by way of a PA in the same newspapers where the original PA has appeared as mentioned in para No. 2.2.11 of this Letter of Offer. Such revised Offer Price would be payable by the Acquirers for all the Shares tendered anytime during the Offer.
5. This Offer is not conditional upon any minimum level of acceptances.
6. **There was no competitive bid.**
7. **As the Offer Price cannot be revised during seven working days prior to the closing date of the Offer, it would be in the interest of the Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.**
8. The Form of Acceptance cum Acknowledgement together with the Form of Withdrawal is enclosed with this Letter of Offer.
9. A copy of the PA and Letter of Offer (including Form of Acceptance-cum-Acknowledgement which includes Form of Withdrawal) are also available on SEBI's website at www.sebi.gov.in from the date of opening of the Offer i.e., Thursday– July 1, 2010.

MANAGER TO THE OFFER	REGISTRAR TO THE OFFER
YES BANK EXPERIENCE OUR EXPERTISE **YES BANK Limited** 12th Floor, Discovery of India Building Nehru Centre, Dr. Annie Besant Road Worli, Mumbai 400018 Tel No: 91 22 6669 9000 Fax No: 91 22 2497 4158 Email ID: merchantbanking@yesbank.in SEBI Reg No: MB / INM 0000 10874 Contact : Dhanraj Uchil / Ajay Shete	MCPL **Mondkar Computers Pvt Limited** 21, Shakil Niwas Opp: Satya Saibaba Temple Mahakali Caves Road Andheri East, Mumbai 400093 Tel: 91 22 28207203-05 Fax: 91 22 2820 7207 Email: info@mondkarcomputers.com SEBI Registration No: INR 00000 4082 Contact: Ravindra Utekar

Offer Opens : Thursday, July 1, 2010	**Offer Closes :** Tuesday, July 20, 2010

Schedule of the Activities

Activities	Schedule as per PA	Revised Schedule
Public Announcement Date	Tuesday – January 22, 2008	Tuesday – January 22, 2008
Specified Date *	Friday – January 25, 2008	Friday – January 25, 2008
Last date for Competitive Bid	Tuesday – February 12, 2008	Tuesday – February 12, 2008
Date by which letter of offer will be dispatched to the shareholders	Friday – March 6, 2008	Saturday – June 26, 2010
Date of opening of the Offer	Monday – March 17, 2008	Thursday– July 1, 2010
Last date for revising the Offer Price / number of equity shares	Wednesday – March 26, 2008	Saturday – July 10, 2010
Last date up to which shareholders may withdraw	Tuesday – April 1, 2008	Thursday – July 15, 2010
Date of Closure of the Offer	Saturday – April 5, 2008	Tuesday – July 20, 2010
Date for communicating acceptance/rejection under the Offer and payment of consideration for applications accepted.	Saturday – April 19, 2008	Wednesday – August 4, 2010

* Specified Date is only for the purpose of determining the names of Shareholders of the Company as on such date (i) to whom the Letter of Offer is sent and (ii) who are eligible to receive the interest for delay in Offer schedule .

Risk factors (a) relating to the transaction, (b) relating to the Offer and (c) involved in associating with the Acquirers and the likely adverse effect of these risk factors on the Shareholders

1. In the event that either (a) there is any litigation leading to a stay on the Offer or (b) SEBI instructing the Acquirers not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the Shareholders of PIL whose Shares are accepted under this Offer as well as the return of Shares not accepted under this Offer by the Acquirers may get delayed.
2. Further, the Shareholders should note that after the last date of withdrawal i.e. Thursday – July 15, 2010, the Shareholders who have lodged their acceptances would not be able to withdraw them even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered Shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders, the payment of consideration and other Offer obligations are completed.
3. The Shares tendered in the Offer will be held in trust by the Registrar to the Offer till the completion of the Offer formalities and the Shareholders will not be able to trade such Shares. During such period there may be fluctuations in the market price of the Shares. The Acquirers make no assurance with respect to the market price of the Shares both during the Offer period and after completion of the Offer and disclaims any responsibility with respect to any decision by the Shareholders on whether or not to participate in the Offer.
4. The Acquirers make no assurance with respect to the future financial performance of PIL.
5. In the event that Shares tendered in the Offer by the Shareholders are more than Shares to be acquired under the Offer, the acquisition of Shares from each Shareholder will be as per the provisions of Regulation 21(6) of the SEBI Takeover Regulations i.e. on a proportionate basis, to be decided in a fair and equitable manner, in consultation with the Manager to the Offer, irrespective of whether Shares are held in physical or dematerialized form.

   The indicative risk factors set forth above are in relation to the Offer and not in relation to the present or future business or operations of PIL or any other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a Shareholder in the Offer or in associating with the Acquirers. The Shareholders of PIL are advised to consult their stock broker or investment consultant or tax advisor, if any, for further risks with respect to their participation in the Offer.

DEFINITIONS	
The Acquirers	(1) Eight Capital Master Fund, Ltd and (2) Spinnaker Funds viz. Spinnaker Global Opportunity Fund Ltd., Spinnaker Global Emerging Markets Fund Ltd. and Spinnaker Global Strategic Fund Ltd.
Board / Board of Directors / Directors	Board of Directors of PIL
BSE	The Bombay Stock Exchange Ltd
CDSL	Central Depository Services India Limited
DP	Depository Participant
Depositories	NSDL and CDSL
DSA	Debenture Subscription Agreement dated July 21, 2006 entered into between by Eight Capital, Spinnaker Funds and PIL
EPS	Earnings Per Share
GOI	Government of India
HSE	The Hyderabad Stock Exchange Limited
LOF	Letter of Offer
Manager to the Offer/ YES Bank	YES Bank Limited
NSDL	National Securities Depository Limited
Offer	Offer to acquire upto 2,52,95,496 Shares representing 20.00% of the voting paid up equity share capital of PIL
Offer Price	Rs. 28.45 (Rupees Twenty Eight and Paise Forty Five only) per fully paid up equity share. Besides this, interest for delay in the offer schedule, of Rs. 2.00 (Rupee Two only) per fully paid up equity share at the rate of 10% p.a, is payable to the eligible shareholders of PIL who held equity shares on the Specified Date
PAT	Profit After Tax
Persons eligible to participate in the Offer	All owners (registered and unregistered) of Shares of PIL except the Acquirers and the Promoters of PIL
Promoters	Promoters of PIL
Public Announcement/ PA	PA for the Offer released on behalf of the Acquirers on January 22 , 2008
Registrar / Registrar to the Offer	Mondkar Computers Private Limited
Regulations/ Takeover Regulations/ SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto
RONW	Return on Net Worth
SAT	Securities Appellate Tribunal
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
Share(s)/equity share(s)	Fully paid up equity share(s) of Rs. 5/- (Rupees Five only) each of PIL
Shareholders / Equity Shareholders	All owners (registered or un registered) of Shares
Specified Date	Friday , January 25, 2008
Stock Exchanges	BSE and HSE where the Shares are presently listed
Target Company/ The Company/ PIL	Pennar Industries Limited

1 DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE FILING OF THE DRAFT LETTER OF OFFER WITH SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY SEBI.

THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI FOR A LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS.

THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF PIL TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER.

SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRERS OR THE COMPANY WHOSE SHARES ARE PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER AND THE LETTER OF OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRERS ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER AND THE LETTER OF OFFER, THE MANAGER TO THE OFFER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRERS DULY DISCHARGE THEIR RESPONSIBILITY ADEQUATELY.

IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE MANAGER TO THE OFFER, YES BANK LIMITED HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 5, 2008 TO SEBI IN ACCORDANCE WITH THE SEBI TAKEOVER REGULATIONS.

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRERS FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER."

2 DETAILS OF THE OFFER

2.1 Background of the Offer

2.1.1 This Offer is being made pursuant to Regulation 10 of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereto ["**SEBI Takeover Regulations**"] for the purpose of substantial acquisition of Shares and voting rights of the Company without any change in control and management as the aggregate equity stake of the Acquirers in the paid up equity share capital of PIL, after the conversion of remaining Part A Convertible Debentures was more than 15%. The Acquirers confirm that there is no other person / individual / entity acting in concert with them for the purposes of this Offer. Further the shareholding of the Acquirers in PIL, assuming 100% response to the Offer would be less than shareholding of the Promoter and Promoter group of PIL. The Acquirers also confirm that they do not intend to have any rights that shall accord them control over PIL.

2.1.2 The Debentures Committee of the Board of Directors of PIL at the meeting held on July 21, 2006 approved the allotment of (a) 50,32,700 Part A Convertible Debentures of Rs. 100/- each and (b) 72,07,300 Part B Convertible Debentures of Rs. 100/- each [Part A and Part B Convertible Debentures are hereinafter referred to as the "**Debentures**"] to the Acquirers in terms of Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 as amended (the "**SEBI DIP Guidelines**") as per the details given below. PIL issued the Debentures on July 27, 2006.

Part A Convertible Debentures: (i) Eight Capital 12,84,902 Debentures, (ii) Spinnaker GO Fund 12,70,447 Debentures, (iii) Spinnaker GEM Fund 19,05,641 Debentures and (iv) Spinnaker GS Fund 5,71,710 Debentures.

Part B Convertible Debentures: (i) Eight Capital 18,40,098 Debentures, (ii) Spinnaker GO Fund 15,55,203 Debentures, (iii) Spinnaker GEM Fund 24,23,979 Debentures and (iv) Spinnaker GS Fund 13,88,020 Debentures.

Debenture Subscription Agreement dated July 21, 2006 was entered into between Eight Capital, Spinnaker Funds and PIL ("**DSA**").

The other major terms of the DSA are : (a) The Company shall not assign existing licences, permits or registrations or surrender or jeopardize any license or permission or more generally vary or alter the terms of any technology or any other intellectual property where such variation would have an adverse effect on the Company's ability to perform its obligations under the DSA without the consent of Eight Capital and Spinnaker Funds. (b) The company shall not transfer or sell any assets, properties or revenues or any liabilities/obligations of the Company or interests thereon. (c) The Company shall not dispose or create any further Encumbrances on any asset and (d) The Company shall not carry out amendment or alteration to the Memorandum and Articles of Association of the Company.

Above mentioned clauses in the DSA will not accord Acquirers control over PIL.

2.1.3 The Company allotted these Debentures pursuant to a special resolution passed by the Members of the Company, in accordance with section 81(1A) of the Companies Act in the Extraordinary General Meeting held on March 27, 2006, which was convened by a resolution passed by the Directors in their meeting held on March 3, 2006 and in accordance with the provisions of the Memorandum and Articles of Association of the Company, Listing Agreement, applicable provisions of the Companies Act, guidelines issued by the RBI , SEBI and all other concerned statutory and other authorities to the extent necessary. The company obtained In-principle approval from The Bombay Stock Exchange Limited ("**BSE**") for the issue vide their letter dated July 20, 2006. The Debentures were locked-in for a period of one year from the date of the allotment as per Clause 13.3.1 (c) of SEBI DIP Guidelines i.e. upto July 26, 2007.

2.1.4 50,32,700 Part A Convertible Debentures were to be converted into 3,41,20,000 equity shares [Eight Capital 87,11,200 equity shares and Spinnaker Funds 2,54,08,800 equity shares] at a conversion price of Rs. 14.75 per share i.e. at a premium of Rs. 9.75 per share, within a period of 18 months from the date of allotment of July 27, 2006 i.e. by January 26, 2008.

2.1.5 February 25, 2006, being the date falling 30 days prior to the date of the Extraordinary General Meeting was the "**Relevant Date**" for the purpose of determination of the minimum conversion price at which the Debentures were to be converted into equity shares as per Clause 13.1.1 of SEBI DIP Guidelines. The average of the weekly high and low of the closing prices of the equity shares on BSE as per the certificate dated March 1, 2006 issued by Rambabu & Co., Chartered Accountants, Hyderabad, Statutory Auditors of PIL was: (a) for the 6 months [Trading in the equity shares remained suspended, due to the below mentioned Scheme, during the period from August 8, 2005 to January 9, 2006] ended on February 24, 2006 i.e. the day preceding the relevant date, was Rs. 14.71 per share and (b) for the 2 weeks ended on February 24, 2006 i.e. the day preceding the relevant date, was Rs. 12.98 per share. Therefore, the conversion price of Rs. 14.75 per share was not less than the higher of above mentioned (a) and (b). Equity shares of PIL were listed on BSE and the Hyderabad Stock Exchange Limited ("**HSE**") but the equity shares were most frequently traded on BSE during the period of 6 months preceding the Relevant Date whereas the equity shares were not frequently traded on HSE during the said period.

2.1.6 As per the provisions of the DSA, in the event the Acquirers did not exercise their option of conversion within the stipulated period of 18 months from the date of allotment, Part A Convertible Debentures would automatically stand converted into equity shares at the price of Rs. 14.75 per share upon the expiry of 18 months from the date of allotment of July 27, 2006 i.e. by January 26, 2008. Acquirers are only financial investors.

2.1.7 Spinnaker Funds partly exercised their conversion option on December 24, 2007 i.e. Spinnaker GS Fund with respect to 4,24,210 Part A Convertible Debentures and Spinnaker GEM Fund with respect to 19,05,641 Part A Convertible Debentures and accordingly PIL **issued** 1,57,95,600 equity shares [Spinnaker GS Fund - 28,76,000 equity shares (2.66% of the expanded capital after this conversion) and Spinnaker GEM Fund – 1,29,19,600 equity shares(11.94% of the expanded capital after this conversion)] on December 27, 2007 which represented 14.60% of the expanded paid up equity share capital of PIL. PIL completed the requisite formalities for listing of these 1,57,95,600 equity shares and the same were listed on BSE on February 18, 2008. Paid up equity share capital of PIL, upon conversion of these Debentures stood at Rs. 54,07,65,395/- represented by 108,153,079 equity shares of Rs. 5/- each. Remaining 27,02,849 Part A Convertible Debentures were converted into 1,83,24,400 equity shares, representing 14.49% the expanded equity share capital after this conversion, by PIL on January 26, 2008 in terms of the provisions of DSA. Paid up equity share capital of PIL, upon said conversion was Rs. 63,23,87,395/- represented by 12,64,77,479 equity shares and the Acquirers therefore held 26.98% in the paid up equity share capital of PIL on conversion. These 1,83,24,400 equity shares issued to the Acquirers [Eight Capital - 87,11,200 equity shares, Spinnaker GO Fund - 86,13,200 equity shares and Spinnaker GS Fund – 10,00,000 equity shares] on conversion of Part A Convertible Debentures , on January 26, 2008 were listed on BSE on May 13, 2008.

2.1.8 The Acquirers had the option to convert the 72,07,300 Part B Convertible Debentures allotted to them under the DSA into 1,44,14,600 equity shares [Eight Capital 36,80,196 equity shares and Spinnaker Funds 1,07,34,404 equity shares] at a conversion price of Rs. 50.00 per share i.e. at a premium of Rs. 45.00 per share, within a period of 16 months from the date of allotment of July 27, 2006. However, as per the provisions of the DSA, in the event the Acquirers do not exercise their option of conversion within the stipulated period of 16 months from the date of allotment, the Company shall be bound to redeem these Part B Convertible Debentures on the expiry of 18 months from the date of allotment of July 27, 2006. The company also had an option to redeem them earlier before the conversion of the Convertible Debentures into equity shares. The Acquirers did not exercise their option to convert the Part B Convertible Debentures into equity shares.

2.1.9 Accordingly, PIL redeemed 36,07,300 Part B Convertible Debentures by January 17, 2008. Remaining 36,00,000 Part B Convertible Debentures were redeemed by PIL on January 25, 2008 in terms of the provisions of DSA. Being redemption, there is no change in the paid up equity share capital of PIL upon redemption and therefore the Acquirers held 14.60% of the paid up equity share capital of PIL as per the details given above.

2.1.10 The Acquirers have not acquired directly or through any person, any equity shares during the twelve months preceding the date of the PA except as per the details given above. The Acquirers have not acquired any equity shares during the 26 weeks period prior to the date of the PA by way of (a) allotment in public issue or (b) allotment in rights issue or (c) preferential allotment except as per the details given above. As per the details given above, as on the date of the PA, the Acquirers held 1,57,95,600 equity shares (Spinnaker GS Fund - 28,76,000 equity shares and Spinnaker GEM Fund - 1,29,19,600 equity shares) representing 14.60% of the fully paid up equity share capital of PIL.

2.1.11 Remaining 27,02,849 Part A Convertible Debentures were converted into 1,83,24,400 equity shares by PIL on January 26, 2008 in terms of the provisions of DSA. Paid up equity share capital of PIL, upon said conversion was Rs. 63,23,87,395/- represented by 12,64,77,479 equity shares and the Acquirers therefore held 26.98% in the paid up equity share capital of PIL on conversion.

Currently the Acquirers hold 87,11,200 shares representing 7.14% of the current paid up share capital of the Target company.

2.1.12 The Offer Price as per Public Announcement made on Tuesday, January 22, 2008 was Rs. 14.75 per Share. The offer price was arrived at by taking the date of the board resolution which authorized the preferential allotment of Debentures i.e. March 3, 2006 as the reference date as one of the parameters for determination of minimum offer price. However, SEBI, vide Observation Letter No. CFD/DCR/AG/TO/136371/08 dated August 29, 2008 directed to re calculate the offer price by reckoning the date of the PA i.e. January 22, 2008 as the reference date and to offer the revised price as re calculated to all the shareholders. Aggrieved by SEBI's direction, the Acquirers preferred to make an Appeal before the Hon'ble Securities Appellate Tribunal ("**SAT**"). The SAT admitted the Appeal on September 30, 2008 and stayed the operation of SEBI direction. The SAT, vide Order dated July 22, 2009 ("SAT Order") directed the Acquirers to re calculate the offer price by reckoning January 26, 2008 i.e. the date of exercise of conversion option and conversion of debentures into equity shares as the reference date and to offer the revised price to all the shareholders.

Acquirers preferred to appeal against the SAT Order in the Hon'ble Supreme Court of India ("**SC**") and accordingly filed an Appeal with the SC on September 29, 2009 ("Appeal"). The SC admitted the Appeal on November 16, 2009 and pending hearing and final disposal of the Appeal, the SC stayed the operation of the SAT Order. However, on March 8, 2010 the Acquirers filed an application with the SC for withdrawal of the Appeal and the SC, vide its Order dated March 26, 2010 permitted the Acquirers to withdraw the Appeal and dismissed the Appeal dated September 29, 2009 as withdrawn. SEBI vide Letter No. OW/7864/10 dated June 9, 2010 issued final observations and advised the Acquirers to adhere to the SAT Order regarding the offer price.

2.1.13 Mr. Ravi Chachra and Mr. Tarun Gandhi were on the Board of Directors of PIL as on the date of the PA, as representatives of Eight Capital and Spinnaker Funds. They were appointed as the directors on the Board of Directors of PIL on July 29, 2006 as per the provisions of the DSA. They had recused themselves from all decisions of the board of PIL with regard to this offer in terms of Regulation 22(9) of SEBI Takeover Regulations. As on the date of this Letter of Offer Mr. Tarun Gandhi has ceased to be director of PIL.

2.1.14 The Acquirers and the Target Company have not been prohibited by SEBI from dealing in securities, in terms of direction issued under Section 11B of the Securities and Exchange Board of India Act ("SEBI Act") or under any other regulations made under the SEBI Act.

2.2 Details of the Offer

2.2.1 As the aggregate equity stake of the Acquirers in the paid up equity share capital of PIL, after the conversion of remaining Part A Convertible Debentures were to be 26.98% which is more than the stipulated threshold of 15%, in compliance with Regulation 10 of SEBI Takeover Regulations, the Acquirers made a PA of the Offer to acquire upto 2,52,95,496 equity shares, representing 20% of the voting rights in PIL, from the remaining equity shareholders of PIL, at a price of Rs. 14.75 per equity share payable in cash.

SEBI vide Letter No. OW/7864/10 dated June 9, 2010 issued final observations and advised the Acquirers to adhere to the SAT Order regarding the offer price i.e. to re calculate the offer price by reckoning January 26, 2008 (the date of exercise of conversion option and conversion of debentures into equity shares) as the reference date.

Accordingly Offer Price of Rs. 28.45 (Rupees Twenty Eight and Paise Forty Five only) per equity share is payable to eligible public shareholders plus interest of Rs. 2.00 (Rupee Two only) calculated at the rate of 10% p.a., for 257 days, for delay in the offer schedule], is payable to the eligible public shareholders of PIL who held equity shares on the Specified Date, subject to the terms and conditions mentioned hereinafter.

2.2.2 Shares that would be tendered in the valid form in terms of this Offer will be transferred in favour of Eight Capital and Spinnaker Funds in the ratio of 25.55% : 74.45%.

2.2.3 Regulation 14(2) of the SEBI Takeover Regulations provides that in the case of an acquirer acquiring securities which when taken together with the voting rights if any already held by him or persons acting in concert with him would entitle him to voting rights exceeding the percentage specified in Regulation 10, the public announcement shall be made not later than 4 working days before he acquires voting rights on such securities upon conversion or exercise of option as the case may be and was accordingly the public announcement was made on January 22, 2008.

2.2.4 Due to the operation of Regulation 2(1)(e) of SEBI Takeover Regulations, there may be persons who could be deemed to be persons acting in concert. However, they are not acting in concert with the Acquirers for the purpose of this offer.

2.2.5 This is not a competitive bid. This Offer is not pursuant to any global acquisition resulting in an indirect acquisition of shares of PIL.

2.2.6 As on the date of the PA, the paid up equity share capital of PIL was Rs. 54,07,65,395/- represented by 10,81,53,079 equity shares of Rs. 5/- each. Paid up equity share capital of PIL, upon the conversion of remaining Part A Convertible Debentures on January 26, 2008 was Rs. 63,23,87,395/- represented by 12,64,77,479 equity shares of Rs. 5/- each. Therefore, while determining 20% of the paid up equity share capital for the purpose of minimum public offer, paid up equity share capital of Rs. 63,23,87,395/- comprising of 12,64,77,479 equity shares were considered in terms of Regulation 21(5) of SEBI Takeover Regulations which provides that for the purpose of determining minimum 20% of the voting capital of the Company, voting rights as at the expiration of 15 days after the closure of the proposed public offer shall be reckoned. If the original open offer schedule or the revised schedule post issuance of observations by SEBI on August 29, 2008 been followed, the open offer would have been completed before the buy- back exercise. It is because of the appeal filed by the Acquirers before the Supreme Court that the buyback offer and consequent reduction in capital took place before the open offer. Therefore it was decided to maintain the offer size as it was disclosed in the PA.

2.2.7 There were no outstanding partly paid up equity shares or any other instruments convertible into equity shares at a future date, in the books of PIL as on the date of the PA except:

(a) 27,02,849 Part A Convertible Debentures which were converted into 1,83,24,400 equity shares by PIL on January 26, 2008 and

(b) 36,00,000 Part B Convertible Debentures which were redeemed by PIL on January 25, 2008.

Currently there are no outstanding partly paid up equity shares or any other instruments convertible into equity shares at a future date, in the books of PIL.

2.2.8 The Offer is not conditional on any minimum level of acceptance and the Acquirers will be obliged to acquire all the equity shares tendered in response to the Offer, subject to a maximum of 2,52,95,496 equity shares that are tendered in the valid form in terms of this Offer subject to the terms and conditions mentioned in the PA and this Letter of Offer ("**LOF**") to be mailed to the equity shareholders of PIL.

2.2.9 Acquirers may purchase additional shares of PIL from the open market or through negotiation or otherwise, after the date of the PA in accordance with Regulation 20(7) of Takeover Regulations and the details of such acquisition will be disclosed by the Acquirers within 24 hours of such acquisition to the Stock Exchanges where the equity shares are listed and to the Manager to the Offer in terms of Regulation 22(17) of Takeover Regulations.

2.2.10 YBL, the Manager to the Offer, did not hold any Shares of PIL as on the date of the PA and do not hold any shares of PIL as on the date of this LOF.

2.2.11 The PA was published in the newspapers in terms of Regulation 15(1) of SEBI Takeover Regulations on January 22, 2008 and the details of the same are as follows:

Language	Name of Newspaper	Editions
English	Financial Express	All editions
Hindi	Jansatta	All editions
Marathi	Navshakti	Mumbai*
Telugu	Vaartha	Hyderabad**

* Shares of PIL are most frequently traded on BSE.

** Registered Office of PIL is situated in Hyderabad

A copy of the PA is also available on SEBI web site at www.sebi.gov.in

2.2.12 The contents of the PA completely cover each and every detail specified in the format of the disclosure to be made in the PA as required in terms of the SEBI Takeover Regulations. The PA has also been sent not only to every stock exchange where the shares are listed, but also to PIL as per the requirements of Regulation 15(2) of SEBI Takeover Regulations.

2.2.13 In case of any upward revision in the Offer Price by the Acquirers at any time up to seven working days prior to the date of closure of the Offer i.e. Saturday – July 10, 2010, the same would be announced in the above mentioned newspapers and the revised Offer Price would be payable by the Acquirers for all Shares tendered at anytime during the Offer and accepted under the Offer.

2.2.14 The Acquirers held 1,57,95,600 equity shares (Spinnaker GS Fund - 28,76,000 equity shares and Spinnaker GEM Fund - 1,29,19,600 equity shares) representing 14.60% of the fully paid up equity share capital of PIL as on the date of the PA. In terms of the provisions of DSA, PIL allotted 1,83,24,400 equity shares to the Acquirers (Spinnaker Funds- 96,13,200 equity shares and Eight Capital – 87,11,200 equity shares) on January 26,2008. Currently the Acquirers hold 87,11,200 shares representing 7.14% of the current paid up share capital of the Target company.

2.2.15 The Shares acquired by the Acquirers, pursuant to this Offer, will be free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared hereafter.

2.2.16 There was no competitive bid.

2.2.17 As the Offer Price cannot be revised during seven working days prior to the date of closure of this Offer, it would, therefore, be in the interest of Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.

2.2.18 This Offer is being made to all Shareholders of PIL except the Acquirers and the Promoters of PIL.

2.3 Reasons for the acquisition, rationale/ object of the Offer and future plans

2.3.1 Spinnaker Funds partly exercised their conversion option on December 24, 2007 with respect to Part A Convertible Debentures and accordingly PIL issued equity shares on December 27, 2007 which represented 14.60% of the expanded paid up equity share capital of PIL. Remaining Part A Convertible Debentures were converted on January 26, 2008 and the Acquirers held 26.98% in the paid up equity share capital of PIL upon such conversion.

2.3.2 As the aggregate equity stake of the Acquirers in the paid up equity share capital of PIL, after the conversion of remaining Part A Convertible Debentures were to be more than 15%, the Acquirers made a PA, in compliance with Regulation 10 of SEBI Takeover Regulations, not later than 4 working days before they acquired the voting rights on such securities upon exercise of option.

2.3.3. Substantial acquisition of shares and voting rights without any change in control and management are the reasons and rationale for the acquisition of the above mentioned equity stake in the paid up equity share capital of PIL by the Acquirers as the Acquirers are only financial investors. Therefore, this Offer is being made in accordance with Regulation 10 of the SEBI Takeover Regulations. The Acquirers confirm that there is no other person / individual / entity acting in concert with them for the purposes of this Offer. Further the shareholding of the Acquirers in PIL, assuming 100% response to the Offer would be less than shareholding of the Promoter and Promoter group of PIL. The Acquirers also confirm that they do not intend to have any rights that shall accord them control over PIL.

2.3.4 The Acquirers, therefore, do not currently have any plans to dispose of or otherwise encumber any assets of PIL in the two years from the date of the closure of this Offer except in the ordinary course of business. Acquirers hereby undertake not to sell, dispose of or otherwise encumber any substantial assets of PIL except with the prior approval of the shareholders of PIL. The Board of Directors of PIL would take appropriate decisions in the aforesaid matters, as per the requirements of business and in line with opportunities or changes in the economic scenario, from time to time.

2.3.5 Present promoters, who will be in control of the management of the Company, will take decisions regarding the future course of the Company. The Acquirers do not have any intention to change the board of directors of PIL except in the ordinary course of business subject to applicable laws. Currently, the Acquirers do not have any plans of altering the Board of Directors of PIL.

3. BACKGROUND OF THE ACQUIRERS

3.1 Eight Capital Master Fund Ltd, ("**Eight Capital**") and Spinnaker Global Opportunity Fund Ltd (" **Spinnaker GO Fund**"), Spinnaker Global Emerging Markets Fund Ltd ("**Spinnaker GEM Fund**") and Spinnaker Global Strategic Fund Ltd ("**Spinnaker GS Fund**") [collectively referred to as "**Spinnaker Funds**"] [Eight Capital and Spinnaker Funds are hereinafter referred to as the "**Acquirers**"] are the acquirers. No other person / individual / entity is acting in concert with the Acquirers for the purposes of this Offer.

Due to the operation of Regulation 2(1)(e) of SEBI Takeover Regulations, there may be persons who could be deemed to be persons acting in concert. However, they are not acting in concert with the Acquirers for the purpose of this offer.

Eight Capital Master Fund Ltd. ("Eight Capital") - Acquirers

Eight Capital Master Fund Ltd was incorporated as an Investment Fund [exempted company with limited liability] on September 21, 2005 in the Cayman Islands under the Companies Law (2004 Revision). It has its registered office at M&C Corporate Services Limited, P.O. Box 309 CE 1, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands. Tel: 00 1 212 983 1030; Fax: 00 1 212 867 4525. Eight Capital does not belong to any group.

Eight Capital Master Fund Ltd was promoted as an Investment Fund which focuses on investments into distressed assets in India i.e. Indian companies in the industrial sector typically infrastructure related companies.

Mr. Ravi Chachra is the promoter and presently the person in charge. As on December 31, 2009 paid up capital is USD 95.2 million with the par value of USD 0.01 per share.

100% of Eight Capital Master Fund, Ltd.'s shareholding is held by two feeder funds, i.e., Eight Capital Offshore Fund, Ltd., a company incorporated in Cayman Islands and Eight Capital Onshore Fund, L.P., a company incorporated in Delaware, USA. The generic distribution of shareholdings within the two feeder funds, as on December 31, 2009 is as follows:

Sr. No	Generic Type of Investors in Eight Capital Offshore Fund, Ltd	No. Of Investors	Percentage of Holding
1.	Institutional Investors	10	11.3%
2.	Family Offices	23	30.4%
3.	Fund of Funds	16	13.1%
4.	Pension Fund	6	42.5%
5	Partner	-	2.7%

Sr. No	Generic Type of Investors in Eight Capital Onshore Fund, LP	No. Of Investors	Percentage of Holding
1.	Family Offices	5	7.5%
2.	Fund of Funds	1	2.1%
3.	Pension Fund	1	87.3%
4.	Partner	-	3.1%

Most of the investors are accredited Institutional Investors in the USA, Europe and Australia. There are no Indian nationals.

Under Cayman law, Eight Capital Master Fund Ltd (the "**Master Fund**") is not required to be registered in order to carry on investment activities as the Master Fund is exempted from registering under the Law pursuant to an exemption set out in section 4(4). Eight Capital Offshore Fund Limited (the "**Feeder Fund**") is registered on January 6, 2006 pursuant to section 4(3) of the Mutual Funds Law (2003 Revision) (as amended) which is regulated by Cayman Islands Monetary Authority.

Being a private limited company, its shares are not listed on any Stock Exchange.

Eight Capital did not hold any equity shares in the paid up equity share capital of PIL as on the date of the PA and therefore provisions of Chapter II of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof, were not applicable as on the date of PA. 12,84,902 Part A Convertible Debentures, held by Eight Capital were converted into 87,11,200 equity shares by PIL on January 26, 2008 in terms of the provisions of DSA. Eight Capital has complied with the provisions of Chapter II of the Takeover Regulations on acquisition of shares pursuant to the conversion of Part A Debentures.

Currently Eight Capital holds 87,11,200 equity shares representing 7.14% of the current paid up share capital of PIL.

Brief audited financial details of Eight capital for the last three years are as follows:

(Rs. In Lakhs)

Profit & Loss Statement	**Year ended December 31, 2009**	**Year ended December 31, 2008**	**Year ended December 31, 2007**
Income from operations	1,250	1,886	1,568
Other Income/(Loss)	7,734	(24,869)	8,439
Total Income/(Loss)	8,983	(22,983)	10,008
Total Expenditure.	589	597	400
Profit Before Depreciation Interest and Tax	8,395	-23,580	9,608
Depreciation	-	-	-
Interest	-	-	-
Profit Before Tax	-	-	-
Provision for Tax	-	-	-
Profit After Tax	8,395	(23,580)	9,608
Balance Sheet Statement	**As on December 31, 2009**	**As on December 31, 2008**	**As on December 31, 2007**
Sources of funds			
Paid up share capital	0.36	0.43	0.37
Reserves and Surplus (excluding revaluation reserves)	44,271	43,834	59,095
Networth	44,271	43,835	59,095
Secured loans	-	-	-
Unsecured loans	129	114	913
Total	**44,400**	**43,949**	**60,009**
Uses of funds			
Net fixed assets	-	-	-
Investments	33,396	39,907	38,378
Net current assets	10,851	3,896	21,509
Total miscellaneous expenditure not written off	-	-	-
Other assets	153	146	121
Total	44,400	43,949	60,009

Other Financial Data	**2009**	**2008**	**2007**
Dividend (%)	-	-	-
Earning/Loss Per Share (Rs.)	10,089	(27,664)	15,136
Return on Networth	21.39%	-36.03%	31.98%
Book Value Per Share (Rs.)	57,252	49,115	62,461

For the purpose of determining BV and RONW, ratios used are (a) RoNW: Current year EPS/Previous years closing book value per share, (b)Book value per share: Networth/Total number of shares outstanding (both at the end of the year) (a) EPS: Difference in opening and closing book value per share

Notes:

(a) The audited accounts are designated in US Dollars. Conversion Rates applied: 1US$=Rs.46.525 [December 31, 2009]. 1US$=Rs.48.45 [December 31, 2008]. 1US$=Rs.39.415 [December 31, 2007]. 1US$=Rs.44.245 [December 31, 2006]; Source: Bloomberg.

(b) Statutory Auditors confirmed that the requirement with respect to adjustments to financial statements, required as per Clause 11 (a) to (e) of Standard Letter of Offer format of Securities and Exchange Board of India with respect to Open Offer as per Securities and Exchange Board of India [Substantial Acquisition of Shares and Takeovers] Regulations, 1997 as amended, are not applicable and therefore are not relevant.

Reason for rise in total income and Profit:

(Rs. in Lakhs)

Sl. No.	Financial Year	Total Income	Profit
1.	2008-09	8,983.44	8,394.93
2.	2007-08	(22982.72)	(23579.73)
3.	2006-07	10,007.78	9,608.16

Reasons for changes in Total Income and PAT in 2009 over 2008: The changes in Total Income and PAT is due to changes in the value of investments held coupled with the effect of exchange rate movement in USD/INR.

Reasons for changes in Total Income and PAT in 2008 over 2007: The changes in Total Income and PAT is due to significant downward movement in the value of investments coupled with the adverse effect of forex depreciation of the INR as compared to USD.

Reasons for changes in Total Income and PAT in 2007 over 2006: The changes in Total Income and PAT is due to the increase in value of investments in line with the market, coupled with the favourable movement in INR as compared to the USD.

Significant Accounting Policies

Some of the significant Accounting Policies followed by Eight Capital Master Fund Ltd are as follows [Source: Annual Report for the year ended December 31, 2009]:

Basis of Presentation

These consolidated financial statements have been prepared in United States (U.S.) dollars in accordance with accounting principles generally accepted in the United States of America.

The consolidated financial statements include the financial statements of the Fund and its Subsidiary in which the Fund has an effective controlling interest. All material intercompany balances and transactions, including intercompany profits and losses are eliminated on consolidation.

FASB Accounting Standards Codification

In July 2009, the Financial Accounting Standards Board (the "FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles" ("Codification of ASC") ("ASC 105") to become the source of authoritative U.S. generally accepted accounting principles ("U.S. GAAP") recognized by the FASB to be applied by nongovernmental entities. All other accounting literature not included in the Codification of ASC will be considered non-authoritative. The Codification of ASC does not change current U.S. GAAP. References to authoritative U.S. GAAP literature in the Master Fund's financial statements and the notes thereto have been updated to reflect new Codification of ASC references.

Basis of Consolidation

Effective January 1, 2009, the Master Fund adopted ASC 810 (SFAS No.160), "Consolidation". ASC 810 requires all entities to report a noncontrolling interest in subsidiary (formerly known as minority interest) as a separate component of net assets in the consolidated statement of assets and liabilities, to clearly identify consolidated net income or loss attributable to the parent and to the noncontrolling interest on the face of the consolidated statement of operations, and to provide sufficient disclosure that clearly identifies and distinguishes between the interest of the parent and interests of noncontrolling owners. Upon adoption of ASC 810, the Fund recharacterized the minority interest as a noncontrolling interest and classified it as a component of net assets in the consolidated financial statements. The consolidated financial statements include the financial statements of the Master Fund and its subsidiary in which the Master Fund has an effective controlling interest. All material intercompany profits and losses are eliminated upon consolidation.

Securities Transactions

The Master Fund records security transactions based on trade date. Dividend income is recognized on the ex-dividend date, and interest income is recognized on an accrual basis. Withholding taxes on foreign dividends have been provided for in accordance with the Master Fund's understanding of the applicable country's tax rules and rates.

Foreign Currency Transactions

Securities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of securities denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions.

The Master Fund does not isolate the portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in fair value of securities owned or securities sold, not yet purchased. Such fluctuations are included with net realized and unrealized gains and losses in the consolidated statement of operations.

Valuation of Investments

Investments in securities and securities sold, not yet purchased are measured at fair value. Fair value is generally based on quoted market prices. If quoted market prices are not available, fair value is determined based on other relevant factors, including dealer price quotations, price activity for equivalent instruments and valuation pricing models.

The Master Fund follows ASC 820 (SFAS No.157), "Fair Value Measurements and Disclosures", which establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Master Fund. Unobservable inputs are inputs that reflect the Master Fund's assumptions about the factors that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Valuation adjustments and block discounts are not applied to Level 1 instruments.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Level 2 inputs include: (i) quoted prices for similar assets or liabilities in active markets; (ii) quoted prices for identical assets or liabilities traded in non-active markets (i.e., dealer or broker markets); and (iii) inputs other than quoted prices that are observable or inputs derived from or corroborated by market data.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Master Fund in determining fair value is greatest for instruments categorized in Level 3.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Master Fund's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Master Fund uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In January 2010, the FASB issued Accounting Standards Update ("ASU") 2010-06, "Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements". ASU 2010-06 amends ASC 820-10 and clarifies and provides additional disclosure requirements related to recurring and non-recurring fair value measurements and employers' disclosures about postretirement benefit plan assets. ASU 2010-06 is effective for interim and annual reporting periods beginning after December

15, 2009. The Master Fund does not believe that the adoption of the amended guidance in ASC 820-10 will have a significant effect on the Fund's consolidated financial statements.The Master Fund adopted the ASU No 2009-12, "Investments in Certain Entities That Calculate Net Asset Value per share (or its equivalent)" issued on September 30, 2009. This amends ASC 820-10 "Fair Value Measurements and Disclosures-Overall", to provide a practical expedient in estimating the fair value of certain alternative investments. Under the practical expedient, entities are permitted to estimate the fair value of certain alternative investments using NAV without further adjustment if NAV is calculated consistent with the guidance in ASC 946, "Financial Services-Investment Companies".

The following are types of investment the Master Fund held as of December 31, 2009 in accordance with ASC 820:

Common stock

Common stock is valued based on the quoted market prices from the exchange. To the extent that these securities are actively traded, they are categorized as Level 1 of the fair value hierarchy.

Exchange-Traded Equity Securities

Exchange-traded equity securities are generally valued based on quoted prices from the exchange. To the extent these securities are actively traded, valuation adjustments are not applied and they are categorized in Level 1 of the fair value hierarchy. In instances where significant inputs are unobservable, exchange traded equity securities are categorized in Level 3 of the fair value hierarchy.

Convertible Bonds

The fair value of corporate bonds is estimated using recently executed transactions, market price quotations (where observable), bond spreads. The spread data used is for the same maturity as the bond. If the spread data does not reference the issuer, then data that references a comparable issuer is used. When observable price quotations are not available, fair value is determined based on cash flow models with yield curves. Convertible bonds are generally categorized in Level 1 of the fair value hierarchy; in instances where significant inputs are unobservable, they are categorized in Level 3 of the hierarchy.

Investments in Private Equity and Real Estate

The Master Fund invests in private equity and real estate investments. The transaction price is used as the best estimate of fair value at inception. Thereafter, valuation is based on an assessment of each underlying investment, incorporating valuations that consider the evaluation of financing and sale transactions with third parties, expected cash flows and market-based information, including comparable Master Fund transactions, performance multiples and changes in market outlook, among other factors. These investments are included in Level 3 of the fair value hierarchy.

Warrants

Warrants that are actively traded are valued based on quoted prices from the exchange and are categorized in Level 2 of the fair value hierarchy.

Derivative Contracts

The Master Fund has adopted the provisions of ASC 815 (SFAS No. 161), "Derivatives and Hedging", effective at the beginning of the Master Fund's fiscal year, which requires enhanced disclosures about the Master Fund's derivative and hedging activities. The Master Fund's policy is to recognize all derivatives as either assets or liabilities and to measure those instruments at fair value. The resulting unrealized gains and losses are included in the consolidated statement of operations. Generally, fair values for derivatives traded on a national exchange or quoted on comparable over-the-counter market are based on the "bid" and "ask" market prices. Fair values for other over-thecounter derivative financial instruments, principally options and forwards, are based on pricing models intended to approximate the amounts that would be paid to or received from a third party settlement of the contracts. Factors taken into considerations, foreign currency rates, and funding and administrative costs incurred over the lives of the instruments.

When the Master Fund writes an option, an amount equal to the premium received by the Master Fund is recorded as a liability and is subsequently adjusted to the current fair value of the option written.

Premiums received from wiring options that expire unexercised are treated as realized gains from investments by the Master Fund on the expiration date. The difference between the premium and the amount paid in effecting a closing purchase transaction including the brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining a realized gains or loss. If a put option is exercised, the premium reduces the cost basis of the securities. The Master Fund as writer of an option bears the market risk of an unfavorable change in the price of the security underlying the written option.

See Note 2 for derivative disclosures.

Cash and cash equivalents

The Master Fund considers all highly liquid investments, with original maturities of ninety days or less, as cash and cash equivalents.

Indemnification and Warranties

In the ordinary course of its business, the Master Fund may enter into contracts or agreements that contain indemnifications or warranties. Future events could occur that lead to the execution of these provisions against the Master Fund. Based on its history, experience and assessment of existing contracts, management feels that the likelihood of such an event is remote.

The Master Fund is subject to the following:

Market Risk

Market risk represents the potential loss that can be caused by a change in the market value of the financial instrument. The Master Fund's exposure to market risk is determined by a number of factors, including the size, composition, diversification of positions held, interest rates,and market volatility. The most significant factor influencing the Master Fund's exposure to market risk is its ability to adequately employ hedging techniques.

Credit Risk

Credit risk represents the maximum potential loss that the Master Fund would incur if the counterparties failed to perform pursuant to the terms of their agreements with the Master Fund. The Master Fund regularly transacts business with major U.S. financial institutions. The Master Fund has a prime brokerage agreement with a brokerage firm to carry its accounts as a customer. The broker has custody of the Master Fund's investments and, from time to time, cash balances which may be due from this broker. These securities and/or cash positions serve as collateral for any amounts due to broker or as collateral for investments sold, not yet purchased or investment purchased on margin. The securities and/or cash positions also serve as collateral for potential defaults of the Master Fund. The Master Fund is subject to credit risk to the extent that the broker may be unable to fulfill its obligations either to return the Master Fund's securities or repay amounts owed. In the normal course of its investment activities, the Master Fund may be required to pledge investments as collateral, whereby the prime broker has the right, under the terms of the prime brokerage agreement, to sell or repledge the securities if the MasterFund is unable to meet its margin requirements.

The cash at brokers is insured up to $100,000 by the Securities Investment Protection Corporation. Bonds have exposure to certain degree of risk, including interest rate risk, market risk, and the potential non-payment of principal and interest, including default or bankruptcy of the issuer

Liquidity Risk

Liquidity risk represents the possibility that the Master Fund may not be able to rapidly adjust the size of its positions in times of high volatility and financial stress at a reasonable price. If the Master Fund was forced to dispose of an illiquid investment at an inopportune time, it might be forced to do so at a substantial discount to market value, resulting in a loss to the Master Fund. The Master Fund monitors its exposure to liquidity risk by limiting its investment in securities considered highly illiquid.

Interest Rate Risk

Interest rate risk represents the possibility of a reduction in the value of a security, especially a bond, resulting from a rise in interest rates. This risk can be reduced by diversifying the durations of the fixed-income investments that are held at a given time and by holding fixed-income investments with variable interest rates that change as corresponding market rates change.

Currency Risk

The Master Fund invests some of its assets in securities or maintain cash denominated in currencies other than the U.S. dollar. The Master Fund is exposed to risks that the exchange rate of the U.S. dollar relative to other currencies may change in a manner which has an adverse effect on the reported value of the Master Fund's assets and liabilities denominated in currencies other than the U.S. dollar.

Political Risk

The value of the Master Fund's assets and of an investment in the Master Fund may be adversely affected by changes in government policies, which may include changes in economic policy and taxation, restrictions on foreign investment and on foreign currency repatriation. Investments of the Master Fund may also be affected by any significant change in political, social or economic policy or circumstances in these markets.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Master Fund is exempt from all forms of taxation in the Cayman Islands including income, capital gains and withholding taxes. In jurisdictions other than the Cayman Islands, foreign taxes may be withheld on dividends and interest received by the Master Fund. Capital gains derived by the Master Fund are generally exempt from foreign income or withholding taxes at source. Dividend income is recorded net of any such withholding taxes. No income tax provision has been recorded by the Master Fund since no income taxes are levied in the Cayman Islands.

Effective January 1, 2009, the Master Fund adopted ASC 740 (FASB Interpretation No. 48), “Income Taxes”. The Investment Manager continually reviews the Master Fund’s tax positions and such conclusions under the interpretation based on factors including, but not limited to, ongoing analysis of tax laws and regulations and interpretations therof. The Investment Manager has analyzed the possibility of the Master Fund having open tax positions in countries where the Master Fund has had investments, and has concluded that, as of December 31, 2009, no provision for taxes would be required in the Master Fund’s financial statements.

New Accounting Pronouncement

In June 2009, the FASB issued ASC 810 (SFAS No. 167), “Consolidation”. This standard focuses on the effects of eliminating the qualifying specialpurpose entity, and providing responses to concerns about the application of certain key provisions of FASB Interpretation No. 46e(R), including improving financial reporting by the Master Fund’s involvement with variable interest entities and to provide more relevant and reliable information to users of financial statements. ASC 810 is effective for financial statements issued for fiscal years beginning after November 15, 2009. The Fund is currently evaluating the impact on the Master Fund’s financial statements upon adoption.

In January 2010, the FASB issued Accounting Standards Update (“ASU”) No. 2010-06, “Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements.” This ASU requires additional disclosures and clarifies some existing disclosure requirements about fair value measurement. ASU 2010-06 amends Codification Subtopic 820-10 to require a reporting entity to disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers. A reporting entity should present separately information about purchases, sales, issuances and settlements in the reconciliation for fair value measurements using significant unobservable inputs. In addition, ASU 2010-06 clarifies the requirements of the existing disclosures. ASU 2010- 06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales issuances, and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years.

There are no material foreseeable contingent liabilities that are un accounted for in the financial statements of Eight Capital.

There are no litigations against Eight Capital in India.

Details of the board of directors of Eight Capital as on the date of PA were as follows:

Name	Designation	Date of Appointment	Qualification	Address	Experience
Mr. Ravi Chachra	Director	Sep 21, 2005	MBA in finance from the Wharton Business School.	Eight Capital LLC, 305, Madison Avenue, Suite 5201, New York, NY 10165	Given below
Mr. Anthony Stocks	Director	Jan 5, 2006	Chartered Accountant	Tennyson Capital Advisors LLP Aspen House, 25 Dover Street London W1S 4LX, England	Given below
Mr. Derek H. L. Buntain	Director	Mar 23, 2007	MBA from the University of Western Ontario	Dundee Leeds Mgt Services (Cayman) Ltd. 2nd Floor, Waterfront Centre 28 N. Church Street, George Town Grand Cayman, Cayman Islands	Given below

Experience details of directors are as follows:

Mr. Ravi Chachra has consistently outperformed the broader distressed markets while managing distressed portfolios for J. Goldman and the Chatterjee Group. Earlier in his career, he ran profitable trading books focused on emerging market debt and currencies for Deutsche Bank Proprietary Trading Division and J.P. Morgan Chase.

Mr. Anthony Stocks joined Citco in 1985 and launched its fund administration business. Under his leadership, Citco Fund Services grew to operate in twelve jurisdictions and to administer $110 billion of assets. Mr. Stocks left Citco in mid-2001 to form Tennyson Capital, a consulting and marketing company based in England that advises on strategies, marketing and operations for start-ups, funds of funds and established funds, as well as acting for service providers to the industry.

Mr. Derek H. L. Buntain, the Chairman of Dundee Leeds group of companies, has spent 30 years in the investment industry in Canada with some of the major firms. He has worked in research, international arbitrage, corporate and government finance and mergers and acquisitions. He holds a number of directorships in outside public and private companies and has served on audit, pension, human resource, compensation, and stock buy-back committees for these companies.

Details of the board of directors of Eight Capital as on the date of this Letter of Offer are as follows:

Names	Designation	Date of Appointment	Qualification	Address	Experience
Mr. Ravi Chachra	Director	Sep, 2005	MBA in finance from the Wharton Business School	Eight Capital LLC, 850 Third Avenue – 10th floor, New York, NY-10022	Given earlier
Mr. Vijay Patel	Director	Apr,2009	BSc. (hons) degree in Banking and International Finance from the City University Business School (now CASS)	82 Harrowes Meade, Edgware Middlesex London HA8 8RP	Given below
Mr. Derek H. L. Buntain	Director	Mar, 2007	MBA from the University of Western Ontario	Dundee Leeds Mgt Services (Cayman) Ltd. 2nd Floor, Waterfront Centre 28 N. Church Street, George Town Grand Cayman, Cayman Islands	Given earlier

Experience details of Mr. Vijay Patel are as follows:

Mr. Vijay Patel was a senior Analyst and portfolio manager at Atlas Capital Limited, from 2001 to 2009. During his career there, he was responsible for researching and running a variety of strategies, including Long/Short equity, Risk Arbitrage and Distressed. He also created and co-advised an illiquid product that invested in PE/VC funds, illiquid hedge funds and direct co-investments with prominent hedge funds. Previously, he held various roles in Risk and Portfolio Management at Man Investments and Bank of America.

Of the above, Mr. Ravi Chachra is on the board of PIL as representative of Eight Capital. He was appointed as the director on the Board of Directors of PIL on July 29, 2006 as per the provisions of the DSA. Therefore, he has recused himself from all decisions of the board of PIL with regard to this offer in terms of Regulation 22(9) of SEBI Takeover Regulations. However, being the sole authorized signatory of Eight Capital Master Fund, Ltd., he has signed the relevant documents relating to the offer on account of necessity.

3.2 Spinnaker Funds - Acquirers

Spinnaker Funds viz Spinnaker Global Opportunity Fund Ltd, Spinnaker Global Emerging Market Fund Ltd and Spinnaker Global Strategic Fund Ltd are incorporated in the British Virgin Islands under the International Business Companies Act as International Business Companies and are domiciled in the British Virgin Islands.

The registered offices of Spinnaker Funds are situated at c/o Maples Finance BVI Limited, Sea Meadow House, P.O. Box 173, Road Town, Tortola, British Virgin Islands, Tel No: 00 44 207 903 2914; Fax No: 00 44 207 903 2999 whereas contact address is c/o Spinnaker Capital CGR Ltd., Al Santos 1940 – 2o andar, 01418-200 Sao Paulo, SP, Brazil.

The main objects of Spinnaker Funds are to invest in credit, equity and local markets in Asia, Middle East and Africa, Central and Eastern Europe and Latin America. Spinnaker Funds are held by institutional investors around the world and do not belong to any group.

Spinnaker Funds are independent investment funds managed by the same set of investment managers. Mr. Affonso Pastore, Mr. Simon Ogus, Mr. Tamotsu Ogawa, Mr. Pedro Homem, Mr. Francis d'Souza, Mr. Claude Pomper, and Mr. Marcos Lederman are on the boards of some or all the Funds. Shares of Spinnaker Funds are not listed on any stock exchange.

As on the date of the PA Mr. Tarun Gandhi was on the board of PIL as representative of Spinnaker Funds. He was appointed as the director on the Board of Directors of PIL on July 29, 2006 as per the provisions of the DSA. Therefore, he has recused himself from all decisions of the board of PIL with regard to this offer in terms of Regulation 22(9) of SEBI Takeover Regulations. As on the date of this Letter of Offer Mr. Tarun Gandhi has ceased to be director of PIL.

Spinnaker Funds held 1,57,95,600 equity shares (Spinnaker GS Fund - 28,76,000 equity shares and Spinnaker GEM Fund - 1,29,19,600 equity shares) representing 14.60% of the fully paid up equity share capital of PIL as on the date of the PA , which were acquired on December 27, 2007 as a result of conversion of debentures. 1,417,947 Part A Convertible Debentures, held by Spinnaker Funds were converted into 9,613,200 equity shares by PIL on January 26, 2008 in terms of the provisions of DSA. Currently Spinnaker Funds do not hold any shares in the paid up share capital of PIL.

Spinnaker Global Opportunity Fund Ltd ("Spinnaker GO Fund")

Spinnaker Global Opportunity Fund Ltd is an open-end investment fund incorporated on January 23, 2001 with current assets under its management of approximately USD 2.69 billion.

Spinnaker Capital Limited, London is the investment manager to the GO Fund and is regulated by the FSA in the UK. Spinnaker Asset Management – SAM Limited, is co-manager to the Spinnaker GO Fund and is regulated by the CVM in Brazil.

Shareholding pattern of Spinnaker GO Fund is as follows:

Category	Percent
Family Offices	14.62
Bank Managed FOF	26.26
Independent FOF	10.37
High Net Worth Individuals	06.47
Pensions, Governments & Institutions	20.39
Universities & Endowments	15.26
Charities & Foundations	03.82
Partners & Employees	02.81

Spinnaker GO Fund did not hold any equity shares in the paid up equity share capital of PIL as on the date of the PA and therefore provisions of Chapter II of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 and subsequent amendments thereof, were not applicable as on the date of PA.

12,70,447 Part A Convertible Debentures, held by Spinnaker GO Fund were converted into 86,13,200 equity shares by PIL on January 26, 2008 in terms of the provisions of DSA . Spinnaker GO Fund has complied with the provisions of Chapter II of the Takeover Regulations on acquisition of shares pursuant to the conversion of Part A Debentures and thereafter.

As on the date of this letter of offer Spinnaker GO Fund does not hold any shares in the paid up equity share capital of PIL.

Brief audited financial details of Spinnaker GO Fund are as follows :

(Rs in lakhs)

Profit & Loss Statement	**Year ended December 31, 2009**	**Year ended December 31, 2008**	**Year ended December 31, 2007**
Income from operations	186,899	-513,348	197,250
Other Income	9,602	6,376	748
Total Income	196,501	-506,972	197,998
Total Expenditure.	31,827	58,874	77,669
Profit Before Depreciation Interest and Tax	164,673	-565,846	120,329
Depreciation	-	-	-
Interest	120,228	96,706	89,925

Profit Before Tax	284,901	-469,140	210,255
Provision for Tax	-509	-1,087	-842
Profit After Tax	284,393	-470,227	209,413
Balance Sheet Statement	**As on December 31, 2009**	**As on December 31, 2008**	**As on December 31, 2007**
Sources of funds			
Paid up share capital	104	119	73
Reserves and Surplus (excluding revaluation reserves)	1,289,958	1,265,378	1,240,394
Networth	-	-	-
Secured loans	-	-	-
Unsecured loans	-	-	-
Total	**1,290,061**	**1,265,497**	**1,240,467**
Uses of funds			
Net fixed assets	-	-	-
Investments	786,402	367,416	980,992
Net current assets	503,659	898,082	259,475
Total miscellaneous expenditure not written off	-	-	-
Total	**1,290,061**	**1,265,497**	**1,240,467**

Other Financial Data	**2009**	**2008**	**2007**
Dividend (%)	N/A	N/A	N/A
Earning Per Share	N/A	N/A	N/A
Return on Networth	22.08%	-37.07%	16.95%
Book Value Per Share	58,022,941.25	51,336,955.27	66,841,780.96

For the purpose of determining BV and RONW, ratios used are Return on (a) Net Worth= Profit before tax /Total use of funds, (b) Book Value per share: Total use of funds/Paid up capital share

Notes:

(a) Conversion Rates applied: 1US$=Rs.39.41 [December 31, 2007]; 1US$=Rs.48.45 [December 31, 2008]; 1US$=Rs.46.68 [December 31, 2009]; Source: www.rbi.org.in

(b) Statutory Auditors confirmed that the requirement with respect to adjustments to financial statements, required as per Clause 11 (a) to (e) of Standard Letter of Offer format of Securities and Exchange Board of India with respect to Open Offer as per Securities and Exchange Board of India [Substantial Acquisition of Shares and Takeovers] Regulations, 1997 as amended, are not applicable and therefore are not relevant.

Income for GO Fund mainly comprises interest income, dividend and bank interests. Consequently, the market conditions influence the rise or fall in the income. Rise in total income is attributed to increase in flow of investment from current and new investors and due to performance of investments.

Reason for rise in total income and Profit:

(Rs. in Lakhs)

Sl. No.	Financial Year	Total Income	Profit
1.	2006-07	197,998	209,413
2.	2007-08	-506,972	-470,227
3.	2008-09	196,501	284,393

Reasons for changes in Total Income and PAT in 2007 over 2006: The total income and the profit increased due to increase in the value of the securities held by the fund.

Reasons for changes in Total Income and PAT in 2008 over 2007: The total income and the profit decreased due to decrease in the value of the securities held by the fund.

Reasons for changes in Total Income and PAT in 2009 over 2008: The total income and the profit increased due to increase in the value of the securities held by the fund.

Significant Accounting Policies

Some of the significant Accounting Policies followed by GO Fund, as per annual report for December 31, 2009; are as follows [reproduced from the Annual Report for the year ended December 31, 2009]:

2.1 Basis of preparation

a) Statement of compliance The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations issued by the IFRS Interpretations Committee of the IASB. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2.1(b) in the following pages.

The following standards and amendments to existing standards, that are relevant to the Fund's operations, have been published and are mandatory for accounting periods beginning on 1 January 2009 and have been adopted:

- IAS 1, (Revised) 'Presentation of financial statements';
- IAS 1, (Amendment) 'Presentation of financial statements';
- IFRS 7, (Amendments), 'Reclassification of financial assets';
- IAS 32 (Amendment), 'Financial instruments: Presentation'; and
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement'.

The adoption of the above standards and amendments has not had a significant impact on the consolidated financial statements. The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2009 or later periods but are not relevant to the Company's operations:

- IFRS 1 (Amendment), 'First time adoption of IFRS' and IAS 27, 'Consolidated and separate financial statements' (effective from 1 January 2009);
- IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009);
- IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009);
- IFRS 8, 'Operating segments';
- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009);
- IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009);
- IFRIC 15, 'Agreements for construction of real estates' (effective from 1 January 2009);
- IFRIC 17, 'Distributions of non-cash assets to owners' (effective from 1 July 2009); and
- IFRIC 18, 'Transfers of assets from customers' (effective from 1 July 2009).

b) Critical accounting estimates and judgements

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The significant estimates and assumptions that are material to the consolidated financial statements are outlined below.

Fair value of derivative financial instruments

The Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as over-the-counter derivatives . Fair values of such instruments are determined by the prime brokers and other counterparties which use valuation techniques incorporating market information on the underlying assets and risk assessment. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by the Investment Manager, independent of the counterparty. Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of certain financial instruments.

Functional currency

The Board of Directors considers the US dollar the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The US dollar is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its redemptions.

c) Consolidation

These consolidated financial statements incorporate the assets and liabilities of the subsidiary, Spinnaker Brazil Fund (Uruguay) SA, as at 31 December 2009 and the results for the year then ended. In preparing consolidated financial statements, the Fund consolidates the financial statements of its subsidiaries in full. Intragroup balances and transactions are eliminated in full. There are no minority interests as the subsidiary is wholly owned.

2.2 Recognition of income

Dividend income

Dividend income arising from investments is accounted for on an accruals basis when the right to receive payment is established. Dividends are recorded gross of withholding tax which is shown separately in the *Consolidated Statement of Comprehensive Income*.

Interest income

Interest income is recognized on an accruals basis using the effective interest method. Where the principal loan amount is impaired, interest thereon is also impaired and is not recorded in the *Consolidated Statement of Comprehensive Income*. After an impairment event, interest income is recognised in the *Consolidated Statement of Comprehensive Income* on a cash basis.

Other income

Other income is recognised on an accruals basis or when the Fund’s right to the income is determined.

2.3 Foreign currency translation

a) Functional and presentation currency

Items included in the consolidated financial statements of the Fund are measured in the currency of the primary economic environment in which the entity operates (its functional currency). The directors have considered the primary economic currency of the Fund and considered the currency in which the original capital was raised, and ultimately what currency capital would be returned on a break-up basis. The directors have also considered the currency to which the underlying investments are exposed. On balance, the directors believe the US dollar best reflects the Fund’s functional currency and it has also been adopted as its presentation currency.

b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the rate prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the rate prevailing at year-end. The Fund does not isolate that portion of the results of operations arising from changes in exchange rates from that portion arising from changes in market prices of securities held. Such fluctuations are included in realised and unrealised gain or loss on financial assets and liabilities at fair value through profit or loss. Reported net realised foreign

exchange gains or losses arise from sales of foreign currencies, currency gains and losses realized between trade and settlement dates on securities transactions, the difference between the amounts of dividends and interest recorded on the Fund’s books, and the US dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at year-end, resulting from changes

in the exchange rate.

2.4 Financial assets and financial liabilities at fair value through profit or loss

a) Classification

The Fund classifies its investments in debt and equity securities, and related derivatives, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the Board of Directors as at fair value through profit or loss at inception. Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purposes of selling or repurchasing in the short term. Derivatives are also categorized as financial assets or financial liabilities held for trading. The Fund does not classify any derivatives as hedges in a hedge relationship. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Fund's documented investment strategy. If the Fund makes short sales of securities in anticipation of a decline in the market value of those securities, or for arbitrage purposes, it will classify those short sales as financial liabilities at fair value through profit or loss.

b) Recognition/derecognition

Regular-way purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Investments are derecognized when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognized at fair value. Transaction costs are expensed in the *Consolidated Statement of Comprehensive Income*. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the *Consolidated Statement of Comprehensive Income* in the period in which they arise. Interest income from financial assets at fair value through profit or loss is recognised in the *Consolidated Statement of Comprehensive Income* within interest income using the effective interest method. Dividends from these financial instruments are recognised in the *Consolidated Statement of Comprehensive Income* within dividend income when the Fund's right to receive payments is established. Interest expense from financial liabilities. is recognised in the *Consolidated Statement of Comprehensive Income* as a finance cost using the effective interest method. Dividend payments under arrangements to borrow shares (stock lending agreements, repurchase agreements, total return swap transactions, etc.) are recognized in the *Consolidated Statement of Comprehensive Income* as short dividends when the Fund's obligation to pay the dividend to the counterparty is established.

d) Fair value estimation

Valuation of debt and equity securities

The Fund's procedures for valuing its quoted and unquoted debt and equity securities are described in Note 10.6 of Notes to Consolidated Financial Statements. All securities are valued at fair value. The fair value of financial assets and liabilities regularly traded on a recognized exchange or regularly traded over the counter are based on quoted market prices at the close of trading at year-end. For other securities, the Fund may use other methods to determine fair value.

Valuation of derivative contracts

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. These securities are valued either by the derivative counterparty or prime broker. Securities with a value of USD -121,169,458 (-4.38% of the NAV) (2008: USD -189,401,750 (-7.25% of the NAV)) have been valued in this manner.

- Forward foreign exchange contracts

  Open forward foreign exchange contracts are valued on the basis of forward exchange rates prevailing at the relevant valuation date for the remaining period to maturity.

- Options

  Where they are traded on a recognized exchange, options are valued at the latest market bid or ask price at valuation date. Over-the-counter options are valued by the Fund's counterparty at the fair value based on the closing price of the underlying asset, implied volatility and prevailing interest rate at year-end.

- Repurchase agreements

  The Fund utilises repurchase agreements to borrow against applicable assets in the investment portfolio. Under these agreements, the Fund will sell assets to the repurchase agreement counterparty and agree to repurchase the same asset at the price equal to the sales price plus accrued interest. These agreements are accounted for as debt and valued at amortised cost. Interest rates vary for each repurchase agreement and are set at the initiation of the agreement. Assets sold under a repurchase agreement are delivered to the counterparty which values them at regular intervals to protect their investment. If the value of the investments sold under a repurchase agreement significantly depreciates in the hands of the counterparty, the Fund may be required, under certain conditions, to pay compensatory margins to the counterparty.

- Reverse repurchase agreements

  Reverse repurchase agreements are valued at the amortised cost and accrued interest at the valuation date. It is the Fund's policy to take delivery of securities purchased under repurchase agreements and to value the securities on a daily basis to protect the Fund in the event the securities are not repurchased by the counterparty. The Fund will generally obtain additional margin payments if the market value of the underlying securities is less than the face value of the repurchase agreement plus any accrued interest. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the transaction and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the counterparty to the agreement, realisation and/or retention of the securities or proceeds may be subject to legal proceedings.

- Futures

  Futures are exchange-traded contracts in which the seller agrees to make delivery at a specified future date, at a specified price or yield. Gains and losses on futures are recorded by the Fund based on valuations supplied by the Fund's prime broker and are recorded as realised or unrealised gains/(losses) or other income dependent upon settlement terms of the contracts held. Margin requirements are held with brokers in margin accounts as part of cash and cash equivalents.

- Short sales

  The Fund may make short sales of securities. A short sale occurs when the Fund sells a security which it does not own, either by borrowing it from a broker or selling in a market with extended settlement dates. The amount of proceeds received on this date is recorded as a liability. In the event that the value of the security that the Fund sold short declines, the Fund will gain as it will repurchase the security in the market at a lower price. If the price of the security increases, the Fund will suffer a loss as it will have to repurchase the security at the higher price. Short sales may incur higher transaction costs than regular securities transactions.

- Interest rate swaps

  Interest rate swaps are valued by the Fund's prime broker at their fair value at the consolidated statement of fnet assets date based upon the value of each series of interest payments and principal at year-end.

- Credit default swaps

  When the Fund enters into a credit default swap transaction it pays or receives an upfront payment that equates to the present value of the difference between the current market spread and the fixed coupon; the coupon can be either 1% or 5%, whichever is closest to the current market spread. Credit default swap agreements are fair valued by the Fund's counterparties or prime brokers on the date of valuation based upon the reference entity credit spread curve and recovery rates using a valuation model. The change in fair value, if any, is recorded as an unrealised gain or loss in the *Consolidated Statement of Comprehensive Income*. Realised gains or losses on maturity or termination of credit default swaps are presented in the *Consolidated Statement of Comprehensive Income*.

- Total return swaps

  Total return swaps are valued by the Fund's counterparty or by the Administrator based upon the fair market value of the underlying assets at year-end.

2.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the *Consolidated Satement of Financial Position* when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.6 Due to and from brokers

Amounts due from and to brokers represent receivables for securities sold and payables forsecurities purchased that have been contracted for but not yet settled or delivered at year-end respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers, if any. The Fund considers that there is impairment of its receivables when an amount is more than one month overdue, and active procedures for recovering the outstanding balance prove fruitless in that interval of time. Depending on the risk of the counterparty, an estimate of the recoverable amount will be made using discounted cash flow methods. No such impairment has needed to be made by the Fund since its inception. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of financial instruments but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits, margin accounts, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

2.8 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.9 Redeemable participating shares

Redeemable participating shares are redeemable subject to the terms and conditions of the Fund's Information Memorandum, and are classified as financial liabilities. They are redeemable for an amount of cash equal to a proportionate share of the NAV of the relevant series, subject to the terms and conditions of the Fund's Information Memorandum

2.10 Taxation

The Fund is domiciled in the British Virgin Island s. Under the current laws of the British Virgin Islands, there are no income, estate, corporation, capital gains or other taxes payable by the Fund. However, the Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes, with the withholding taxes being separately disclosed in the *Consolidated Statement of Comprehensive Income*.

There are no material foreseeable contingent liabilities that are un accounted for in the financial statement of GO Fund.

There are no litigations against GO Fund in India.

The details of Board of Directors of Spinnaker GO Fund as on the date of PA and this Letter of Offer are as under:

Name	Designation	Date of Appointment	Qualification	Address	Experience
Pedro Homem	Director	January 23, 2001	Law Graduate	Av Liberdade 195, 1250-142 Lisboa, Portugal	21
Marcos Lederman	Director	January 23, 2001	-	Al Santos 1940-2o andar, 01418-200 Sao Paulo-SP, Brazil	21
Tamotsu Ogawa	Director	January 23, 2001	Degree in Economics	Yamada Building 2F, 2-8-4 Uchikanda, Chiyoda-ku, Tokyo 101-0047, Japan	20
Dr. Simon Ogus (PhD)	Director	July 1, 2001	BA (Economics & Econometrics), M Sc (Management & Finance), PhD (Economics)	Suite 1703, Century Square, 1-13 D'Aguilar Street, Central, Hong Kong	17
Affonso Pastore	Director	September 1, 2002	Bachelor in Economics, Doctorate in Economics	Rua Alves Guimarães, 462 - Floor 10º - room number 102 CEP 05410-000 - Pinheiros - São Paulo – Brazil	28

Brief Profile of the Board of Directors of Spinnaker GO Fund Fund:

i. **Pedro Homem:** Pedro Homem is a member of the Board of Directors of Banco Espirito Santo in Portugal, where he is principally responsible for Private Banking activities. He is also a member of the Board of Directors of ESAF--Espirito Santo Activos Financeiros. He worked at Citibank Switzerland from 1991 to 1999, where he was responsible for the Western Hemisphere Division of the Private Bank in Europe. He was Chairman of Citibank Portugal S.A. from 1985 to 1991. Prior to joining Citibank, he was the Chief of Cabinet for the Secretary of State for Planning and assistant to the Minister of Finance in Portugal. He holds a Law degree from the University of Lisbon**.**

ii. **Marcos Lederman:** Marcos Lederman is the managing director of Spinnaker Asset Management – SAM Limited. He was responsible for setting up the operations of Credit Agricole Indosuez in São Paulo in 1991 and was a managing director of CAI in Brazil from 1991-1999. From 1985-1991, he worked for Citibank in São Paulo. His academic background is in computer technology.

iii. **Tamotsu Ogawa:** Tamotsu Ogawa is the President of Spinnaker Capital Japan. He was a managing director at Indosuez W.I. Carr Securities (Japan) Limited, the then investment banking vehicle of Credit Agricole Indosuez in Japan, and was the head of the emerging markets division in Japan from 1994 to 1999. Prior to joining CAI, he worked for JP Morgan in Tokyo as a vice-president of the Emerging Markets team. He holds a degree in Economics from Tokyo University of Foreign Studies.

iv. **Dr. Simon Ogus (PhD):** Dr. Simon Ogus is the founder and CEO of DSGAsia, which provides independent Asian economic and political analysis. Until May 1999, he was Managing Director and Chief Economist for Asia at Warburg Dillon Read, Hong Kong. He holds a PhD in Economics from the University of London's School of Oriental and African Studies; an MSc in Management and Finance from the University of London's Imperial College; and a BA in Economics and Econometrics from the University of Manchester.

v. **Affonso Pastore:** Affonso Pastore is LatinSource's Advisor for Brazil and is President and Founder of A.C. Pastore & Associados, an economic consulting firm in Sao Paulo. He served as President of the Central Bank of Brazil from 1983-1985. Prior to his appointment at the Central Bank, he served as Secretary of Finance for the state of Sao Paulo from 1979-1983. He attended the University of Sao Paulo, where he received his Bachelor in Economics in 1961 and his Doctorate in Economics in 1969; he served there as Director of Economics and Titular Professor from 1978 to the present.

None of the aforementioned directors, are on the Board of the Target Company, nor are they an "insider" within the meaning of SEBI (Insider Trading) Regulations, 1992 in respect of the Target Company.

None of the directors of Spinnaker GO Fund has acquired any equity shares of the Target Company during the 12 (twelve) months preceding the date of the Public Announcement.

Spinnaker Global Emerging Market Fund Ltd [Spinnaker GEM Fund] - Acquirer

Spinnaker Global Emerging Market Fund Ltd is an open-end investment fund incorporated on November 23, 2000 with current assets under its management of approximately USD 1.74 billion.

Spinnaker Asset Management – SAM Limited is investment advisor to the Spinnaker GEM Fund, and is regulated by the CVM in Brazil. Spinnaker Capital Limited, London, is co-manager to the Spinnaker GEM Fund, and is regulated by the FSA in the UK.

Shareholding pattern of Spinnaker GEM is as follows:

Category	Percent
Family Offices	09.37
Bank Managed FOF	13.76
Independent FOF	07.38
High Net Worth Individuals	05.51
Pensions, Governments & Institutions	27.65
Universities & Endowments	17.82
Charities & Foundations	11.80
Partners & Employees	06.71

As on the date of the PA Spinnaker GEM Fund held 1,29,19,600 equity shares which were allotted on December 27, 2007 pursuant to the Fund exercising its option to convert the Part A convertible debentures. Spinnaker GEM Fund has duly complied with the requirements of Chapter II of the SEBI Takeover Regulations.

As on the date of this letter of offer GEM Fund does not hold any shares in the paid up equity share capital of PIL.

Brief audited financial details of GEM Fund are as follows :

(Rs in lakhs)

Profit & Loss Statement	**Year ended 31-Dec-09**	**Year ended 31-Dec-08**	**Year ended 31-Dec-07**
Income from operations	140,830	-445,874	170,162
Other Income	545	1,540	989
Total Income	141,375	-444,334	171,151
Total Expenditure.	22,851	39,079	62,054
Profit Before Depreciation Interest and Tax	118,524	-483,413	109,097
Depreciation	-	-	-
Interest	63,252	68,067	63,283

Profit Before Tax	181,776	-415,346	172,380
Provision for Tax	-366	-802	-603
Profit After Tax	181,410	-416,148	171,778
Balance Sheet Statement	**As on December 31 2009**	**As on December 31 2008**	**As on December 31 2007**
Sources of funds			
Paid up share capital	58	75	48
Reserves and Surplus (excluding revaluation reserves)	813,792	984,279	1,065,616
Networth	-	-	-
Secured loans	-	-	-
Unsecured loans	-	-	-
Total	**813,850**	**984,353**	**1,065,664**
Uses of funds			
Net fixed assets	-	-	-
Investments	549,043	397,581	871,358
Net current assets	264,807	586,772	194,306
Total miscellaneous expenditure not written off	-	-	-
Total	**813,850**	**984,353**	**1,065,664**

Other Financial Data	**2009**	**2008**	**2007**
Dividend (%)	N/A	N/A	N/A
Earning Per Share	N/A	N/A	N/A
Return on Networth	22.34%	-42.19%	16.18%
Book Value Per Share	65,143,529.92	63,992,975.60	87,526,802.04

For the purpose of determining BV and RONW, ratios used are Return on (a) Net Worth= Profit before tax /Total use of funds, (b) Book Value per share: Total use of funds/Paid up capital share

Notes:

(a) Conversion Rates applied: 1US$=Rs.39.41 [December 31, 2007]; 1US$=Rs.48.45 [December 31, 2008]; 1US$=Rs.46.68 [December 31, 2009]; Source: www.rbi.org.in

(b) Statutory Auditors confirmed that the requirement with respect to adjustments to financial statements, required as per Clause 11 (a) to (e) of Standard Letter of Offer format of Securities and Exchange Board of India with respect to Open Offer as per Securities and Exchange Board of India [Substantial Acquisition of Shares and Takeovers] Regulations, 1997 as amended, are not applicable and therefore are not relevant / following have been considered to the extent applicable.

Income for GEM Fund mainly comprises Interest Income, Dividend and Bank Interests. Consequently, the market conditions influence the rise or fall in the income. Rise in total income is attributed to increase in flow of investment from current and new investors and due to performance of investments.

Reason for rise/fall in total income and Profit:

(Rs. in Lakhs)

Sl. No.	Financial Year	Total Income	Profit
1.	2006-07	171,151	171,778
2.	2007-08	-444,334	-416,148
3.	2008-09	141,375	181,410

Reasons for changes in Total Income and PAT in 2007 over 2006: The total income and the profit increased due to increase in the value of the securities held by the fund.

Reasons for changes in Total Income and PAT in 2008 over 2007: The total income decreased due to decrease in the value of the securities held by the fund. The profit dropped due to rise in expenditure.

Reasons for changes in Total Income and PAT in 2009 over 2008: The total income and the profit increased due to increase in the value of the securities held by the fund.

Significant Accounting Policies

Some of the significant Accounting Policies followed by GEM, as per annual report for December 31, 2009 are as follows [reproduced from the Annual Report for the year ended December 31, 2009]:

2.1 Basis of preparation

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and interpretations issued by the IFRS Interpretations Committee of the IASB. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 2.1(b.)

The following standards and amendments to existing standards, that are relevant to the Fund's operations, have been published and are mandatory for accounting periods beginning on 1 January 2009 and have been adopted:

- IAS 1, (Revised) 'presentation of financial statements';
- IAS 1, (Amendment) 'presentation of financial statements';
- IFRS 7, (Amendments) 'Reclassification of financial assets';
- IAS 32 (Amendment), 'Financial instruments: Presentation'; and
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement'.

The adoption of the above standards and amendments has not had a significant impact on the consolidated financial statements.

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2009 or later periods but are not material or applicable to the Company's operations:

- IFRS 1 (Amendment), 'First time adoption of IFRS' and IAS 27, 'Consolidated and separate financial statements' (effective from 1 January 2009);
- IFRS 2 (Amendment), 'Share based payment' (effective from 1 January 2009);
- IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009);
- IFRS 8, 'Operating segments';
- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009);
- IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009);
- IFRIC 15, 'Agreements for construction of real estates' (effective from 1 January 2009);
- IFRIC 17, 'Distributions of non-cash assets to owners' (effective from 1 July 2009); and
- IFRIC 18, 'Transfers of assets from customers' (effective from 1 July 2009).

b) Critical accounting estimates and judgements

Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The significant estimates and assumptions that are material to the consolidated financial statements are outlined below.

Fair value of derivative financial instruments

The Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as over-the-counter derivatives. Fair values of such instruments are determined by the prime broker who uses valuation techniques incorporating market information on the underlying assets and risk assessment. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by the Investment Manager, independent of the counterparty. Models are calibrated by backtesting to actual transactions to ensure that outputs are reliable. Models use observable data, to the extent practicable.

However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of certain financial instruments.

Functional currency

The Board of Directors considers the US dollar the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The US dollar is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its redemptions.

c) Consolidation

These consolidated financial statements incorporate the balances of assets and liabilities of the subsidiary, Alfinor SA, as at 31 December 2009 and the results for the year then ended. In preparing consolidated financial statements, the Fund consolidates the financial statements of its subsidiaries in full. Intragroup balances and transactions are eliminated in full. There are no minority interests as the subsidiary is wholly owned.

2.2 Recognition of income

Dividend income

Dividend income arising from investments is accounted for on an accruals basis when the right to receive payment is established. Dividends are recorded gross of withholding tax which is shown separately in the *Consolidated Statement of Comprehensive Income*.

Interest income

Interest income is recognized on an accruals basis using the effective interest method. Where the principal loan amount is impaired, interest thereon is also impaired and is not recorded in the *Consolidated Statement of Comprehensive Income*. After an impairment event, interest income is recognised in the *Consolidated Statement of Comprehensive Income* on a cash basis.

Other income

Other income is recognised on an accruals basis or when the Fund's right to the income is determined.

2.3 Foreign currency translation

a) Functional and presentation currency

Items included in the consolidated financial statements of the Fund are measured in the currency of the primary economic environment in which the entity operates (its functional currency). The directors have considered the primary economic currency of the Fund and considered the currency in which the original capital was raised, and ultimately what currency capital would be returned on a break-up basis. The directors have also considered the currency to which the underlying investments are exposed. On balance, the directors believe the US dollar best reflects the Fund's functional currency and it has also been adopted as its presentation currency.

b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the rate prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the rate prevailing at year-end. The Fund does not isolate that portion of the results of operations arising from changes in exchange rates from that portion arising from changes in market prices of securities held. Such fluctuations are included in realised and unrealised gain or loss on financial assets and liabilities at fair value through profit or loss. Reported net realised foreign exchange gains or losses arise from sales of foreign currencies, currency gains and losses realised between trade and settlement dates on securities transactions, the difference between the amounts of dividends and interest recorded on the Fund's books, and the US dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at year-end, resulting from changes in the exchange rate.

2.4 Financial assets and financial liabilities at fair value through profit or loss

a) Classification

The Fund classifies its investments in debt and equity securities, and related derivatives, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the Board of Directors as at fair value through profit or loss at inception. Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purposes of selling or repurchasing in the short term. Derivatives are also categorised as financial assets or financial liabilities held for trading. The Fund does not classify any derivatives as hedges in a hedge relationship. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance valuated on a fair value basis in accordance with the Fund's documented investment strategy. If the Fund makes short sales of securities in anticipation of a decline in the market value of those securities, or for arbitrage purposes, it will classify those short sales as financial liabilities as at fair value through profit or loss.

b) Recognition/derecognition

Regular-way purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the *Consolidated Statement of Comprehensive Income*. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the *Consolidated Statement of Comprehensive Income* in the period in which they arise.

Interest income from financial assets at fair value through profit or loss is recognised in the *Consolidated Statement of Comprehensive Income* within interest income using the effective interest method. Dividends from these financial instruments are recognised in the *Consolidated Statement of Comprehensive Income* within dividend income when the Fund's right to receive payments is stablished. Interest expense from financial liabilities is recognised in the *Consolidated Statement of Comprehensive Income* as a finance cost using the effective interest method. Dividend payments under arrangements to borrow shares (stock lending agreements, repurchase agreements, total return swap transactions, etc.) are recognised in the *Consolidated Statement of Comprehensive Income* as short dividends when the Fund's obligation to pay the dividend to the counterparty is established.

d) Fair value estimation

Valuation of debt and equity securities

The Fund's procedures for valuing its quoted and unquoted debt and equity securities are described in Note 10.6 of Notes to Consolidated Financial Statements. All securities are valued at fair value. The fair value of financial assets and liabilities regularly traded on a recognized exchange or regularly traded over the counter are based on quoted market prices at the close of trading at year-end. For other securities, the Fund may use other methods to determine fair value.

Valuation of derivative contracts

Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and subsequently remeasured at their fair value. These securities are valued either by the derivative counterparty or prime broker. Securities with a value of USD 168,829,283 (9.7% of the NAV) (2008: USD -182,204,381 (-8.96% of the NAV)) have been valued in this manner.

- Forward foreign exchange contracts

  The unrealised gains and losses on open forward foreign exchange contracts are valued on the basis of forward exchange rates prevailing at the relevant valuation date for the remaining period to maturity.

- Options

  Where they are traded on a recognized exchange, options are valued at the latest market bid or ask price at valuation date. Over-the-counter options are valued by the Fund's counterparty at the fair value based on the closing price of the underlying asset, implied volatility and prevailing interest rate at year-end.

- Repurchase agreements

  The Fund utilises repurchase agreements to borrow against applicable assets in the investment portfolio. Under these agreements, the Fund will sell assets to the repurchase agreement counterparty and agree to repurchase the same asset at the price equal to the sales price plus accrued interest. These agreements are accounted for as debt and valued at amortised cost. Interest rates vary for each repurchase agreement and are set at the initiation of the agreement. Assets sold under a repurchase agreement are delivered to the counterparty which values them at regular intervals to protect their investment. If the value of the investments sold under a repurchase agreement significantly depreciates in the hands of the counterparty, the Fund may be required, under certain conditions, to pay compensatory margins to the counterparty.

- Reverse repurchase agreements

  Reverse repurchase agreements are valued at the amortised cost and accrued interest at the valuation date. It is the Fund's policy to take delivery of securities purchased under repurchase agreements and to value the securities on a daily basis to protect the Fund in the event the securities are not repurchased by the counterparty. The Fund will generally obtain additional margin payments if the market value of the underlying securities is less than the face value of the repurchase agreement plus any accrued interest. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the transaction and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the counterparty to the agreement, realisation and/or retention of the securities or proceeds may be subject to legal proceedings.

- Futures

  Futures are exchange-traded contracts in which the seller agrees to make delivery at a specified future date, at a specified price or yield. Gains and losses on futures are recorded by the Fund based on valuations supplied by the Fund's prime broker and are recorded as realised or unrealised gains/(losses) or other income dependent upon settlement terms of the contracts held. Margin requirements are held with brokers in margin accounts as part of cash and cash equivalents.

- Short sales

  The Fund may make short sales of securities. A short sale occurs when the Fund sells a security which it does not own, either by borrowing it from a broker or selling in a market with extended settlement dates. The amount of proceeds received on this date is recorded as a liability. In the event that the value of the security that the Fund sold short declines, the Fund will gain as it will repurchase the security in the market at a lower price. If the price of the security increases, the Fund will suffer a loss as it will have to repurchase the security at the higher price. Short sales may incur higher transaction costs than regular securities transactions.

- Interest rate swaps

  Interest rate swaps are valued by the Fund's prime broker at their fair value at year-end based upon the value of each series of interest payments and principal at year-end.

- Credit default swaps

  When the Fund enters into a credit default swap transaction it pays or receives an upfront payment that equates to the present value of the difference between the current market spread and the fixed coupon; the coupon can be either 1% or 5%, whichever is the closest to the current market spread. Credit default swap agreements are fair valued by the Fund's counterparties or prime brokers on the date of valuation based upon the reference entity credit spread curve and recovery rates using a valuation model. The change in fair value, if any, is recorded as an unrealised gain or loss in the *Consolidated Statement of Comprehensive Income*. Realised gains or losses on maturity or termination of credit default swaps are presented in the *Consolidated Statement of Comprehensive Income*.

- Total return swaps

  Total return swaps are valued by the Fund's counterparty or by the Administrator based upon the fair market value of the underlying assets at year-end.

2.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the *Consolidated Statement of Net Assets* when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.6 Due to and from brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered at year-end respectively. These amounts are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers, if any. The Fund considers that there is impairment of its receivables when an amount is more than one month overdue, and active procedures for recovering the outstanding balance prove fruitless in that interval of time. Depending on the risk of the counterparty, an estimate of the recoverable amount will be made using discounted cash flow methods. No such impairment has needed to be made by the Fund since its inception. The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of financial instruments but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits, margin accounts, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown in current liabilities in the *Consolidated Statement of Financial Position*.

2.8 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.9 Redeemable participating shares

Redeemable participating shares are redeemable subject to the terms and conditions of the Fund's Information Memorandum, and are classified as financial liabilities. They are redeemable for an amount of cash equal to a proportionate share of the NAV of the relevant series, subject to the terms and conditions of the Fund's Information Memorandum. At year-end 2008, certain temporary redemption conditions were imposed, which are described in Note 9 of Notes to Consolidated Financial Statements .

2.10 Taxation

The Fund is domiciled in the British Virgin Islands. Under the current laws of the British Virgin Islands, there are no income, estate, corporation, capital gains or other taxes payable by the Fund. However, the Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes in the *Consolidated Statement of Comprehensive Income*, with the withholding taxes being separately disclosed in the *Consolidated Statement of Comprehensive Income*.

There are no material foreseeable contingent liabilities that are un accounted for in the financial statement of GEM Fund.

There are no litigations against GEM Fund in India.

The details of Board of Directors of Spinnaker GEM Fund as on the date of PA and this Letter of Offer are as under:

Name	Designation	Date of Appointment	Qualification	Address	Experience
Francis D' Souza	Director	January 01, 2004	BE (Electrical), MBA	1 Burges Grove, London SW13 8BG, England	30
Marcos Lederman	Director	November 23, 2000	-	Al Santos 1940-2o andar, 01418-200 Sao Paulo-SP, Brazil	21
Tamotsu Ogawa	Director	November 23, 2000	Degree in Economics	Yamada Building 2F, 2-8-4 Uchikanda, Chiyoda-ku, Tokyo 101-0047, Japan	20
Affonso Pastore	Director	September 1, 2002	Bachelor in Economics, Doctorate in Economics	Rua Alves Guimarães, 462 - Floor 10º - room number 102 CEP 05410-000 - Pinheiros - São Paulo – Brazil	28
Claude Pomper	Director	November 23, 2000	Doctorate in Business Administration	Al Santos 1940-2o andar, 01418-200 Sao Paulo-SP, Brazil	23

Brief Profile of the Board of Directors of Spinnaker GEM Fund:

(a) Francis D' Souza: Francis D'Souza had a career at Citibank from 1976 through 2003. His final position was as Partner of Citigroup emerging market investments, with responsibility for private equity and distressed security investments. He held senior global risk management positions in the group from 1993 to 2001, and was a member of Citicorp's Global Market Risk Policy Committee. He served as Treasurer for Europe for Citigroup Consumer Bank from 1989 to 1993. He holds a degree in Electrical Engineering from the Indian Institute of Technology (IIT) in Bombay, and a Masters in Business Administration from the Harvard University-affiliated Iran Centre for Management Studies**.**

(b) **Marcos Lederman:** Marcos Lederman is the managing director of Spinnaker Asset Management – SAM Limited. He was responsible for setting up the operations of Credit Agricole Indosuez in São Paulo in 1991 and was a managing director of CAI in Brazil from 1991-1999. From 1985-1991, he worked for Citibank in São Paulo. His academic background is in computer technology.

(c) **Tamotsu Ogawa:** Tamotsu Ogawa is the President of Spinnaker Capital Japan. He was a managing director at Indosuez W.I. Carr Securities (Japan) Limited, the then investment banking vehicle of Credit Agricole Indosuez in Japan, and was the head of the emerging markets division in Japan from 1994 to 1999. Prior to joining CAI, he worked for JP Morgan in Tokyo as a vice-president of the Emerging Markets team. He holds a degree in Economics from Tokyo University of Foreign Studies.

(d) **Affonso Pastore:** Affonso Pastore is LatinSource's Advisor for Brazil and is President and Founder of A.C. Pastore & Associados, an economic consulting firm in Sao Paulo. He served as President of the Central Bank of Brazil from 1983-1985. Prior to his appointment at the Central Bank, he served as Secretary of Finance for the state of Sao Paulo from 1979-1983. He attended the University of Sao Paulo, where he received his Bachelor in Economics in 1961 and his Doctorate in Economics in 1969; he served there as Director of Economics and Titular Professor from 1978 to the present.

(e) **Claude Pomper:** Claude Pomper worked for over 25 years as an investment banker, beginning at Citibank, where he successfully focused on international project financing, building investment banking businesses in Brazil, then Latin America, and running the US Private Placement business. Claude Pomper earned the degree of Doctor of Business Administration at Harvard University in 1974.

None of the aforementioned directors, are on the board of the Target Company, nor are they an "insider" within the meaning of SEBI (Insider Trading) Regulations, 1992 in respect of the Target Company.

None of the directors of Spinnaker GEM Fund has acquired any equity shares of the Target Company during the 12 (twelve) months preceding the date of the Public Announcement

Spinnaker Global Strategic Fund Ltd [Spinnaker GS Fund]

Spinnaker Global Strategic Fund Ltd is an open-end investment fund incorporated on December 29, 2003 with current assets under its management of approximately USD 0.95 billion.

Spinnaker Capital Limited, London is investment manager to the Spinnaker GS Fund, and is regulated by the FSA in the UK. Spinnaker Asset Management – SAM Limited, is co-manager to the Spinnaker GS Fund, and is regulated by the CVM in Brazil.

Shareholding pattern of Spinnaker GS Fund is as follows:

Category	Percent
Family Offices	17.44
Independent FOF	11.53
High Net Worth Individuals	07.38
Pensions, Governments & Institutions	25.56
Charities & Foundations	11.72
Universities & Endowments	23.49
Partners & Employees	02.88

As on the date of the PA Spinnaker GS Fund held 28,76,000 equity shares which were allotted on December 27, 2007 pursuant to the Fund exercising its option to convert the Part A convertible debentures. Spinnaker GS Fund has duly complied with the requirements of Chapter II of the SEBI Takeover Regulations. 1,47,500 Part A Convertible Debentures, held by Spinnaker GS Fund were converted into 10,00,000 equity shares by PIL on January 26, 2008 in terms of the provisions of DSA. Spinnaker GS Fund has complied with the provisions of Chapter II of the Takeover Regulations on acquisition of shares subsequent to the conversion of Part A Debentures and thereafter.

As on the date of this letter of offer GS Fund does not hold any shares in the paid up equity share capital of PIL.

Brief audited financial details of Spinnaker GS Fund are as under:

(Rs in lakhs)

Profit & Loss Statement	Year ended 31-Dec-09	Year ended 31-Dec-08	Year ended 31-Dec-07
Income from operations	89,808	-260,238	85,827
Other Income	78	328	94
Total Income	89,886	-259,911	85,922
Total Expenditure.	13,050	18,515	31,414
Profit Before Depreciation Interest and Tax	76,836	-278,425	54,507

Depreciation	-	-	-
Interest	32,024	37,664	26,565
Profit Before Tax	108,860	-240,761	81,073
Provision for Tax	-402	-574	-383
Profit After Tax	108,458	-241,335	80,690
Balance Sheet Statement	**As on 31-Dec-09**	**As on 31-Dec-08**	**As on 31-Dec-07**
Sources of funds			
Paid up share capital	45	54	41
Reserves and Surplus (excluding revaluation reserves)	524,363	510,086	589,562
Networth	-	-	-
Secured loans	-	-	-
Unsecured loans	-	-	-
Total	**524,408**	**510,140**	**589,604**
Uses of funds			
Net fixed assets	-	-	-
Investments	330,092	215,771	471,146
Net current assets	194,316	294,368	118,458
Total miscellaneous expenditure not written off	-	-	-
Total	**524,408**	**510,140**	**589,604**

Other Financial Data	**2009**	**2008**	**2007**
Dividend (%)	N/A	N/A	N/A
Earnings Per Share	N/A	N/A	N/A
Return on Networth	20.76%	-47.20%	13.75%
Book Value Per Share	54,342,312.87	46,182,773.04	56,312,687.71

For the purpose of determining BV and RONW, ratios used are Return on (a) Net Worth= Profit before tax /Total use of funds, (b) Book Value per share: Total use of funds/Paid up capital share

Notes:

(a) Conversion Rates applied: 1US$=Rs.39.41 [December 31, 2007]; 1US$=Rs.48.45 [December 31, 2008]; 1US$=Rs.46.68 [December 31, 2009]; Source: www.rbi.org.in

(b) Statutory Auditors confirmed that the requirement with respect to adjustments to financial statements, required as per Clause 11 (a) to (e) of Standard Letter of Offer format of Securities and Exchange Board of India with respect to Open Offer as per Securities and Exchange Board of India [Substantial Acquisition of Shares and Takeovers] Regulations, 1997 as amended, are not applicable and therefore are not relevant / following have been considered to the extent applicable.

Income for GS mainly comprises Interest Income, Dividend and Bank Interests. Consequently, the market conditions influence the rise or fall in the income. Rise in total income is attributed to increase in flow of investment from current and new investors and due to performance of investments.

Reason for rise in total income and Profit:

(Rs. in Lakhs)

Sl. No.	Financial Year	Total Income	Profit
1.	2006-07	85,922	80,690
2.	2007-08	-259,911	-241,335
3.	2008-09	89,886	108,458

Reasons for changes in Total Income and PAT in 2007 over 2006: The total income and the profit increased due to increase in the value of the securities held by the fund.

Reasons for changes in Total Income and PAT in 2008 over 2007: The total income and the profit increased due to increase in the value of the securities held by the fund.

Reasons for changes in Total Income and PAT in 2009 over 2008: The total income and the profit increased due to increase in the value of the securities held by the fund.

Significant Accounting Policies

Some of the significant Accounting Policies followed by GS, as per annual report for December 31, 2009; are as follows [reproduced from the Annual Report for the year ended December 31, 2009]:

2.1 Basis of preparation

a) Statement of compliance: The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB), and interpretations issued by the IFRS Interpretations Committee of the IASB. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss. The preparation of consolidated financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.1(b) in the following pages. The Fund has adopted the following relevant standards and amendments effective 1 January 2009:

- IAS 1, (Revised) 'Presentation of Financial Statements';
- IAS 1, (Amendment) 'Presentation of Financial Statements';
- IFRS 7, (Amendments) 'Reclassification of Financial Assets';
- IAS 32 (Amendment), 'Financial Instruments: Presentation'; and
- IAS 39 (Amendment), 'Financial Instruments: Recognition and measurement'.

The adoption of the above standards and amendments has not had a significant impact on the consolidated financial statementsThe following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 January 2009 or later periods but are not relevant to the Company's operations:

- IFRS 1 (Amendment), 'First time adoption of IFRS' and IAS 27, 'Consolidated and separate financial statements' (effective from 1 January 2009);
- IFRS 2 (Amendment), 'Share-based payment' (effective from 1 January 2009);
- IFRS 3 (Revised), 'Business combinations' (effective from 1 July 2009);
- IFRS 8, 'Operating segments';
- IAS 23 (Amendment), 'Borrowing costs' (effective from 1 January 2009);
- IAS 27 (Revised), 'Consolidated and separate financial statements' (effective from 1 July 2009);
- IFRIC 15, 'Agreements for construction of real estates' (effective from 1 January 2009);
- IFRIC 17, 'Distributions of non-cash assets to owners' (effective from 1 July 2009); and
- IFRIC 18, 'Transfers of assets from customers' (effective from 1 July 2009).

b) Critical accounting estimates and judgements Management makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The significant estimates and assumptions that are material to the consolidated financial statements are outlined below.

Fair value of derivative financial instruments

The Fund may, from time to time, hold financial instruments that are not quoted in active markets, such as over-the-counter derivatives . Fair values of such instruments are determined by the prime brokers and other counterparties which use valuation techniques incorporating market information on the underlying assets and risk assessment. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by the Investment Manager, independent of the counterparty. Models use observable data, to the extent practicable. However, areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of certain financial instruments.

Functional currency

The Board of Directors considers the US dollar the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The US dollar is the currency in which the Fund measures its performance and reports its results, as well as the currency in which it receives subscriptions from its redemptions.

c) Consolidation

These consolidated financial statements incorporate the assets and liabilities of the subsidiary, Cobelir SA, as at 31 December 2009 and the results for the year then ended. In preparing consolidated financial statements, the Fund consolidates the financial statements of its subsidiaries in full. Intragroup balances and transactions are eliminated in full. There are no minority interests as the subsidiary is wholly owned.

2.2 Recognition of income

Dividend income

Dividend income arising from investments is accounted for on an accruals basis when the right to receive payment is established. Dividends are recorded gross of withholding tax which is shown separately in the *Consolidated Statement of Comprehensive Income*.

Interest income

Interest income is recognised on an accruals basis using the effective interest method. Where the principal loan amount is impaired, interest thereon is also impaired and is not recorded in the *Consolidated Statement of Comprehensive Income*. After an impairment event, interest income is recognised in the *Consolidated Statement of Comprehensive Income* on a cash basis.

Other Income

Other income is recognised on an accruals basis or when the Fund's right to the income is determined.

2.3 Foreign currency translation

a) Functional and presentation currency

Items included in the consolidated financial statements of the Fund are measured in the currency of the primary economic environment in which the entity operates (its functional currency). The directors have considered the primary economic currency of the Fund and considered the currency in which the original capital was raised, and ultimately what currency capital would be returned on a break-up basis. The directors have also considered the currency to which the underlying investments are exposed.

On balance, the directors believe the US dollar best reflects the Fund's functional currency and has also been adopted as its presentation currency.

b) Transactions and balances

Transactions in foreign currencies are translated into the functional currency at the rate prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the rate prevailing at year-end. The Fund does not isolate that portion of the results of operations arising from changes in exchange rates from that portion arising from changes in market prices of securities held. Such fluctuations are included in realised and unrealised gain or loss on financial assets and liabilities at fair value through profit or loss. Reported net realised foreign exchange gains or losses arise from sales of foreign currencies, currency gains and losses realised between trade and settlement dates on securities transactions, the difference between the amounts of dividends and interest recorded on the Fund's books, and the US dollar equivalent of the amounts actually received or paid. Net unrealised foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities at year-end, resulting from changes in the exchange rate.

2.4 Financial assets and financial liabilities at fair value through profit or loss

a) Classification

The Fund classifies its investments in debt and equity securities, and related derivatives, as financial assets or financial liabilities at fair value through profit or loss. These financial assets and financial liabilities are classified as held for trading or designated by the Board of Directors as at fair value through profit or loss at inception. Financial assets or financial liabilities held for trading are those acquired or incurred principally for the purposes of selling or repurchasing in the short term. Derivatives are also categorized as financial assets or financial liabilities held for trading. The Fund does not classify any derivatives as hedges in a hedge relationship. Financial assets and financial liabilities designated at fair value through profit or loss at inception are those that are managed and their performance valuated on a fair value basis in accordance with the Fund's documented investment strategy. If the Fund makes short sales of securities in anticipation of a decline in the market value of those securities, or for arbitrage purposes, it will classify those short sales as financial liabilities at fair value through profit or loss.

b) Recognition/derecognition

Regular-way purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Fund has transferred substantially all risks and rewards of ownership.

c) Measurement

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the *Consolidated Statement of Comprehensive Income*. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the *Consolidated Statement of Comprehensive Income* in the period in which they arise. Interest income from financial assets at fair value through profit or loss is recognised in the *Consolidated Statement of Comprehensive Income* within interest income using the effective interest method. Dividends from these financial instruments are recognised in the *Consolidated Statement of Comprehensive Income* within dividend income when the Fund's right to receive payments is established. Interest expense from financial liabilities is recognised in the *Consolidated Statement of Comprehensive Income* as a finance cost using the effective interest method. Dividend payments under arrangements to borrow shares (stock lending agreements, repurchase agreements, total return swap transactions, etc.) are recognised in the *Consolidated Statement of Comprehensive Income* as short dividends when the Fund's obligation to pay the dividend to the counterparty is established.

d) Fair value estimation

Valuation of debt and equity securities

The Fund's procedures for valuing its quoted and unquoted debt and equity securities are described in Note 10.6 of Notes to Consolidated Financial Statements. All securities are valued at fair value. The fair value of financial assets and liabilities regularly traded on a recognised exchange or regularly traded over the counter are based on quoted market prices at the close of trading at year-end. For other securities, the Fund may use other methods to determine fair value.

Valuation of Derivative Contracts

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and subsequently remeasured at their fair value. These securities are valued either by the derivative counterparty or prime broker. Securities with a value of USD -59,263,886 (-5.28% of the NAV) (2008: USD -90,972,999 (-8.64% of the NAV)) have been valued in this manner.

- Forward foreign exchange contracts

  The unrealised gains and losses on open forward foreign exchange contracts are valued on the basis of forward exchange rates prevailing at the relevant valuation date for the remaining period to maturity.

- Options

  Where they are traded on a recognized exchange, options are valued at the latest market bid or ask price at valuation date. Over-the-counter options are valued by the Fund's counterparty at the fair value based on the closing price of the underlying asset, implied volatility and prevailing interest rate at year-end.

- Repurchase agreements

  The Fund utilises repurchase agreements to borrow against applicable assets in the investment portfolio. Under these agreements, the Fund will sell assets to the repurchase agreement counterparty and agree to repurchase the same asset at the price equal to the sales price plus accrued interest. These agreements are accounted for as debt and valued at amortised cost. Interest rates vary for each repurchase agreement and are set at the initiation of the agreement. Assets sold under a repurchase agreement are delivered to the counterparty which values them at regular intervals to protect their investment. If the value of the investments sold under a repurchase agreement significantly depreciates in the hands of the counterparty, the Fund may be required, under certain conditions, to pay compensatory margins to the counterparty.

- Reverse repurchase agreements

  Reverse repurchase agreements are valued at the amortised cost and accrued interest at the valuation date. It is the Fund's policy to take delivery of securities purchased under repurchase agreements and to value the securities on a daily basis to protect the Fund in the event the securities are not repurchased by the counterparty. The Fund will generally obtain additional margin payments if the market value of the underlying securities is less than the face value of the repurchase agreement plus any accrued interest. In the event of default on the obligation to repurchase, the Fund has the right to liquidate the transaction and apply the proceeds in satisfaction of the obligation. In the event of default or bankruptcy by the counter-party to the agreement, realisation and/or retention of the securities or proceeds may be subject to legal proceedings.

- Futures

  Futures are exchange-traded contracts in which the seller agrees to make delivery at a specified future date, at a specified price or yield. Gains and losses on futures are recorded by the Fund based on valuations supplied by the Fund's prime broker and are recorded as realised or unrealised gains/ (losses) or other income dependent upon settlement terms of the contracts held. Margin requirements are held with brokers in margin accounts as part of cash and cash equivalents.

- Short sales

  The Fund may make short sales of securities. A short sale occurs when the Fund sells a security which it does not own, either by borrowing it from a broker or selling in a market with extended settlement dates. The amount of proceeds received on this date is recorded as a liability. In the event that the value of the security that the Fund sold short declines, the Fund will gain as it will repurchase the security in the market at a lower price. If the price of the security increases, the Fund will suffer a loss as it will have to repurchase the security at the higher price. Short sales may incur higher transaction costs than regular securities transactions.

- Interest rate swaps

  Interest rate swaps are valued by the Fund's prime broker at their fair value at year-end based upon the value of each series of interest payments and principal at year-end.

- Credit default swaps

  When the Fund enters into a credit default swap transaction it pays or receives an upfront payment that equates to the present value of the difference between the current market spread and the fixed coupon; the coupon can either be 1% or 5%, whichever is closest to the current market spread. Credit default swap agreements are fair valued by the Fund's counterparties or prime brokers on the date of valuation based upon the reference entity credit spread curve and recovery rates using a valuation model. The change in fair value, if any, is recorded as an unrealized gain or loss in the *Consolidated Statement of Comprehensive Income*. Realised gains or losses on maturity or termination of credit default swaps are presented in the *Consolidated Statement of Comprehensive Income*.

- Total return swaps

  Total return swaps are valued by the Fund's counterparty or by the Administrator based upon the fair market value of the underying assets at year-end.

2.5 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.6 Due to and from brokers

Amounts due from and to brokers represent receivables for securities sold and payables for securities purchased that have been contracted for but not yet settled or delivered at year-end respectively. These amounts are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment for amounts due from brokers, if any. The Fund considers that there is impairment of its receivables when an amount is more than one month overdue, and active procedures for recovering the outstanding balance prove fruitless in that interval of time. Depending on the risk of the counterparty, an estimate of the recoverable amount will be made using discounted cash flow methods. No such impairment has needed to be made by the Fund since its inception.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or, when appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of financial instruments but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

2.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown in current liabilities in the *Consolidated Statement of Financial Position*.

2.8 Accrued expenses

Accrued expenses are recognized initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.9 Redeemable participating shares

Redeemable participating shares are redeemable subject to the terms and conditions of the Fund's Information Memorandum, and are classified as financial liabilities. They are redeemable for an amount of cash equal to a proportionate share of the NAV of the relevant series, subject to the terms and conditions of the Fund's Information Memorandum. At year-end 2008, certain temporary redemption conditions were imposed, which are described in Note 9 of Notes to Consolidated Financial Statements.

2.10 Taxation

The Fund is domiciled in the British Virgin Islands. Under the current laws of the British Virgin Islands, there are no income, estate, corporation, capital gains or other taxes payable by the Fund. However, the Fund currently incurs withholding taxes imposed by certain countries on investment income and capital gains. Such income or gains are recorded gross of withholding taxes, with the withholding taxes being separately disclosed in the *Consolidated Statement of Comprehensive Income*.

There are no material foreseeable contingent liabilities that are un accounted for in the financial statement of Spinnaker GS Fund.

There are no litigations against GS Fund in India.

3.2 The details of Board of Directors of Spinnaker GS Fund as on the date of PA and this Letter of Offer are as under:

Name	Designation	Date of Appointment	Qualification	Address	Experience
Francis D' Souza	Director	December 29, 2003	BE (Electrical), MBA	1 Burges Grove, London SW13 8BG, England	30
Marcos Lederman	Director	December 29, 2003	-	Al Santos 1940-2o andar, 01418-200 Sao Paulo-SP, Brazil	21
Tamotsu Ogawa	Director	December 29, 2003	Degree in Economics	Yamada Building 2F, 2-8-4 Uchikanda, Chiyoda-ku, Tokyo 101-0047, Japan	20
Dr. Simon Ogus (PhD)	Director	December 29, 2003	BA (Economics & Econometrics), M Sc (Management & Finance), PhD (Economics)	Suite 1703, Century Square, 1-13 D'Aguilar Street, Central, Hong Kong	17

Brief Profile of the Board of Directors of Spinnaker GS Fund:

(a) Francis D' Souza: Francis D'Souza had a career at Citibank from 1976 through 2003. His final position was as Partner of Citigroup emerging market investments, with responsibility for private equity and distressed security investments. He held senior global risk management positions in the group from 1993 to 2001, and was a member of Citicorp's Global Market Risk Policy Committee. He served as Treasurer for Europe for Citigroup Consumer Bank from 1989 to 1993. He holds a degree in Electrical Engineering from the Indian Institute of Technology (IIT) in Bombay, and a Masters in Business Administration from the Harvard University-affiliated Iran Centre for Management Studies**.**

(b) Marcos Lederman: Marcos Lederman is the managing director of Spinnaker Asset Management – SAM Limited. He was responsible for setting up the operations of Credit Agricole Indosuez in São Paulo in 1991 and was a managing director of CAI in Brazil from 1991-1999. From 1985-1991, he worked for Citibank in São Paulo. His academic background is in computer technology.

(c) Tamotsu Ogawa: Tamotsu Ogawa is the President of Spinnaker Capital Japan. He was a managing director at Indosuez W.I. Carr Securities (Japan) Limited, the then investment banking vehicle of Credit Agricole Indosuez in Japan, and was the head of the emerging markets division in Japan from 1994 to 1999. Prior to joining CAI, he worked for JP Morgan in Tokyo as a vice-president of the Emerging Markets team. He holds a degree in Economics from Tokyo University of Foreign Studies.

(d) **Dr. Simon Ogus (PhD):** Dr. Simon Ogus is the founder and CEO of DSGAsia, which provides independent Asian economic and political analysis. Until May 1999, he was Managing Director and Chief Economist for Asia at Warburg Dillon Read, Hong Kong. He holds a PhD in Economics from the University of London's School of Oriental and African Studies; an MSc in Management and Finance from the University of London's Imperial College; and a BA in Economics and Econometrics from the University of Manchester.

None of the aforementioned directors, are on the board of the Target Company, nor are they an "insider" within the meaning of SEBI (Insider Trading) Regulations, 1992 in respect of the Target Company.

None of the directors of Spinnaker GS Fund has acquired any equity shares of the Target Company during the 12 (twelve) months preceding the date of the Public Announcement.

Relation between the Acquirers:

Eight Capital and Spinnaker Funds are collectively referred to as the Acquirers only for the purposes of this Offer. No agreement was entered into between Eight Capital and Spinnaker Funds for acquisition of equity stake in PIL except the DSA and in the open offer except that it has been mutually decided by Eight Capital and Spinnaker Funds that the equity shares that would be tendered in the valid form in terms of this Offer will be transferred in favour of Eight Capital and Spinnaker Funds in the ratio of 25.55% : 74.45%.

<u>Disclosure in terms of Regulation 16(ix) of SEBI Takeover Regulations and future plans/strategies of the Acquirers with regard to PIL</u>

1. Substantial acquisition of shares and voting rights without any change in control and management are the reasons and rationale for the acquisition of the equity stake in the paid up equity share capital of PIL by the Acquirers as the Acquirers are only financial investors. Therefore, this Offer is being made in accordance with Regulation 10 of the SEBI Takeover Regulations. The Acquirers confirm that there is no other person / individual / entity acting in concert with them for the purposes of this Offer. Further the shareholding of the Acquirers in PIL, assuming 100% response to the Offer would be less than shareholding of the Promoter and Promoter group of PIL. The Acquirers also confirm that they do not intend to have any rights that shall accord them control over PIL.
2. The Acquirers, therefore, do not currently have any plans to dispose of or otherwise encumber any assets of PIL in the two years from the date of the closure of this Offer except in the ordinary course of business. Acquirers hereby undertake not to sell, dispose of or otherwise encumber any substantial asset of PIL except with the prior approval of the shareholders of PIL. The Board of Directors of PIL would take appropriate decisions in the aforesaid matters, as per the requirements of business and in line with opportunities or changes in the economic scenario, from time to time.
3. The Acquirers do not have any specific future plans for PIL and the present promoters, who will be in control of the management of the Company, will take decisions regarding the future course of the Company. The Acquirers do not have any intention to change the board of directors of PIL except in the ordinary course of business subject to applicable laws.

4. DISCLOSURE IN TERMS OF REGULATION 21(2)

The minimum public shareholding required for continuous listing of the equity shares of PIL is 25% (twenty five) of the total issued equity share capital. The Acquirers held 26.98% in the paid up equity share capital of PIL upon conversion of remaining Part A Convertible Debentures on January 26, 2008. Currently the Acquirers hold 7.14% in the current paid up equity share capital PIL.

As the Acquirers are only financial investors and the substantial acquisition of shares and voting rights without any change in control and management are the reasons and rationale for the acquisition of the above mentioned equity stake in the paid up equity share capital of PIL by the Acquirers, there will be no violation of Clause 40A of the listing agreement of PIL with the stock exchanges on which its equity shares are listed and the equity shares will continue to be listed pursuant to this offer. In view of above, post open offer, the public shareholding will not fall to a level below the minimum public holding required for continuous listing.

5. BACKGROUND OF THE TARGET COMPANY – PIL

5.1 Pennar Industries Limited was incorporated on August 8, 1975 as Pennar Steels Limited and obtained certificate of commencement of business on December 16, 1975. It obtained a fresh certificate of incorporation consequent on change of name to Pennar Industries Limited vide certificate dated September 30, 1998. The registered office of the company is situated at 1-10-75/1/1-6, 3rd Floor, Saptagiri Towers, S. P. Road, Begumpet, Hyderabad 500 016, Phone No (040) 27766781-85, Fax No.(040) 27768056, Email : pilhyd@sancharnet.in. The Corporate office of the Company is situated at the IDA, Patancheru, Medak District, Andhra Pradesh; Tel: 08455 242184 to 193; Fax: 08455 242161 and 242424.

5.2 The Main objects of the Company are (i) To carry on business as manufacturers and sellers of steel strips and sheets of all kinds, sizes, grades varieties, box strapping, stainless steel, strips and sheets, non-ferrous strips and sheets, tubes, doubled walled tubes, precision tubes, pipes, tin plates. Galvanized sheets and coils, colour coated strips and sheets, cold formed sections such as: door frames, window frames, collecting electrodes, structural, auto body components and welded and non-welded profile sections, panel boards, bimetal strips, cladded strips, line blanking strips, nickel silver strips, hot rolled strips, foils, strips and formed components, (ii) To establish own or acquire ferrous and metal-melting furnaces and rolling mills and to carry on business as traders and manufacturers of ferrous and non-ferrous ingots, blooms, billets, slabs, sheets, round bars, auto parts, components, tubes of all kinds, tools and implements, machine parts, hardware, utensils, containers, vessels of every description, cycle parts of all kinds and other engineering goods as well as to buy, sell, import, export, trade or deal in aforesaid goods and materials, (iii) To carry on the business of traders or manufacturers of steels founders, steel engineering goods steel makers, steel converters, iron-founders, steel fabricators, mechanical engineers, manufacturers of machinery and implements of all kinds, tool makers, brass founders, metal workers, boiler makers, mill weights, iron and steel converters, smiths, metallurgists and to buy, sell, manufacture, repair, convert, alter, let on hire and deal in machinery, implements, rolling stock and hardware of all kinds and (iv) To produce, manufacture, purchase, refine, prepare, import, export, sell and generally to deal in iron and steel in all forms and / or the by-products thereof.

5.3 PIL is promoted by Shri Nrupender Rao & Associates. Shri Nrupender Rao is the Executive Chairman of the Company. Shri J.Nrupender Rao and Shri Aditya Rao are the directors on the Board of the company representing the promoters.

5.4 Pennar Industries Limited set up a Cold Rolled Steel Complex at Isnapur, Hyderabad with a capacity of 30000 MT pa in 1988. The capacity was expanded during 1996 to 60000 MT pa. Merger of NSL Limited of the Nagarjuna Group into Pennar Industries Limited was effected during the FY 1997-98 as it was considered desirable to achieve economies of scale and a diversified product mix. Merger resulted in increase in the production capacity to 142000 TPA; and addition of new products – Cold Rolled Formed Profiles (CRFS), Pressed Components, Building components, and Road Safety Systems. The company also acquired the cold rolled formed sections plant at Tarapur from Tube Investments Company, Madras in 1999.

5.5 PIL has four plants. (i) Pantancheru unit has facilities for manufacture of Cold Rolled Steel Strips (CRSS), Cold Roll Formed Steel Profiles and Sections (CRFS) and Engineering Components with capacity of 100300 TPA. (ii) Isnapur unit has facilities for the production of 52860 TPA of CRSS. (iii) Tarapur unit has capacity to produce 14000 TPA of CRFS. (iv) Chennai plant, has been commissioned in April 2008, with a capacity of 30000 TPA, has facilities to produce Auto components, Building Components and Cold Roll Formed Steel Profiles.

5.6 The range of products manufactured by PIL includes (a) Special Cold Rolled Steel Strips (CRSS) ranging from 0.25 mm to 4.00 mm thickness and width ranging from 20 mm to 740 mm, (b) Cold Roll Forming Sections catering to the industrial segments like Automobiles -Bus / LCV segment, Electrostatic Precipitators, Building Systems and General engineering industries. In addition PIL also provides total solutions in the areas like Pre-engineered building systems, Metal Decking & Composite Roofing Sheets, Industrial Racking, Highway Safety Barrier Systems and Pre-fab shelters and (c) Engineering Components. The Components division is a step toward forward integration to supply value added products to PIL's customers. PIL serves a variety of customers spread over diverse industry segments such as automobiles and ancillaries, electrical appliances, refrigerators, washing machines, furniture and containers. The company entered the capital market with their Public Issue in the year 1988.

5.7 There were no mergers, de-mergers and/or spin-offs involving PIL during the last three years.

5.8 The equity capital structure of PIL as on the date of the PA was as under:

Shares	No of equity shares / voting rights	% of equity shares / voting rights
Fully paid-up equity shares of Rs. 5/- (Rupees Five only) each	10,81,53,079	100.00
Partly paid-up equity shares	-	-
Total paid up equity shares of Rs. 5/- (Rupees Five only) each	10,81,53,079	100.00
Total voting rights in Target Company	10,81,53,079	100.00

The equity capital structure of PIL as on the date of this letter of Offer is as follows:

Shares	No of equity shares / voting rights	% of equity shares / voting rights
Fully paid-up equity shares of Rs. 5/- (Rupees Five only) each	12,20,24,000	100.00
Partly paid-up equity shares	-	-
Total paid up equity shares of Rs. 5/- (Rupees Five only) each	12,20,24,000	100.00
Total voting rights in Target Company	12,20,24,000	100.00

Details of outstanding convertible instruments as on the date of the PA were as follows.

27,02,849 Part A Convertible Debentures allotted to Eight Capital, Spinnaker GO Fund, Spinnaker GEM Fund and Spinnaker GS Fund on July 21, 2006.

36,00,000 Part B Convertible Debentures allotted to Eight Capital, Spinnaker GO Fund, Spinnaker GEM Fund and Spinnaker GS Fund on July 21, 2006.

The current status of the abovementioned convertible instruments is as follows:

(a) 27,02,849 Part A Convertible Debentures were converted into 1,83,24,400 equity shares by PIL on January 26, 2008 and

(b) 36,00,000 Part B Convertible Debentures were redeemed by PIL on January 25, 2008.

Currently there are no outstanding partly paid up equity shares or any other instruments convertible into equity shares at a future date, in the books of PIL.

5.9 Details of share capital history of PIL as on the date of this Letter of Offer are as under:

Date of allotment	No of shares issued of Rs.10/- each	% to paid up to the equity capital prior to re-organization	Cumulative paid up capital (Rs)	Mode of allotment	Identity of allottees (promoters/ ex promoters/ others)	Status of Compliance with applicable provisions of Regulations
11.07.1986	658780	3.93	6587800	Cash	Promoters	Not Applicable.
28.11.1986	358600	2.14	10173800	Cash	Promoters	
18.05.1987	359600	2.15	13769800	Cash	Promoters	
07.09.1987	382200	2.28	17591800	Cash	Promoters	
19.12.1987	162500	0.97	19216800	Cash	Promoters	
31.05.1988	1686920	10.08	36086000	Public Issue	Promoters and Others	
19.11.1991	1443427	8.62	50520270	Rights Issue	Promoters & Others	
16.04.1993	2331295	13.93	73833220	Rights Issue	Promoters & Others	
31.08.1998	9356884	55.90	167402060	Pursuant to Merger of NSL	Promoters & Others	Not Applicable as the allotments are as per the Scheme of Merger of NSL.

Note :- 91,087 Equity Shares of Rs.10/- each were forfeited during the financial year 2004-05.

The changes in the capital structure pursuant to the Scheme of Reconstruction and Arrangement approved by the Hon'ble High Court of Andhra Pradesh at Hyderabad are as under :-

S. No.	Particulars of Change
1	Equity Capital of the Company was reorganized and new equity shares of Rs.5/- each were issued in lieu of the cancelled old equity shares of the face value of Rs.10/- each on 22nd August 2005.
2	0.01% Cumulative Redeemable Preference Shares of Rs.5/- each were issued for the balance Rs.5/- per share in respect of the cancelled old equity shares of Rs.10/- each on 22nd August 2005.
3	New Equity Shares of Rs.5/- each and 0.01% Cumulative Redeemable Preference Shares of Rs.5/- were allotted to Financial Institutions on 16th September 2005.
4	3,00,00,000 New Equity Shares of Rs.5/- each were allotted to the promoters of PIL, their friends and relatives, associates and strategic / financial investors on a Preferential Basis on various dates between 29th August 2005 and 18th October 2005.

Details of build up of equity capital structure after the Scheme as under :-

Date of allotment	No of shares issued of Rs.5/- each	% to equity capital	Cumulative paid up capital (Rupees)	Mode of allotment	Identity of allottees (promoters/ ex promoters/ others)	Status of Compliance with applicable provisions of the Regulations
22.08.2005	1,66,49,119	21.80	8,32,45,595	Reorganization	Promoters, FIs and Public	Not Applicable as the allotments are as per the Scheme
29.08.2005	1,45,48,934	19.05	15,59,90,265	Preferential Allotment as per Scheme	Promoters & Others	
16.09.2005	2,97,08,360	38.90	30,45,32,065	Conversion of FITL as per Scheme	Financial Institutions	
17.09.2005	30,90,104	4.05	31,99,82,585	Preferential Allotment as per Scheme	Promoters & Others	
23.09.2005	32,32,400	4.23	33,61,44,585	Preferential Allotment as per Scheme	Promoters & Others	
24.09.2005	13,34,480	1.75	34,28,16,985	Preferential Allotment as per Scheme	Promoters & Others	
05.10.2005	28,21,800	3.70	35,69,25,985	Preferential Allotment as per Scheme	Promoters & Others	
06.10.2005	17,99,702	2.36	36,59,24,495	Preferential Allotment as per Scheme	Promoters & Others	
17.10.2005	18,91,500	2.48	37,53,81,995	Preferential Allotment as per Scheme	Promoters & Others	
18.10.2005	12,81,080	1.68	38,17,87,395	Preferential Allotment as per Scheme	Promoters & Others	
29.03.06	72,50,000	8.67	41,80,37,395	Preferential Allotment as per scheme	Promoters & Others	Complied

27.02.07	87,50,000	9.47	46,17,87,395	Preferential Allotment as per scheme	Promoters & Others	Complied
27.12.07	1,57,95,600	14.60	54,07,65,395	Conversion of Debentures	Foreign Investor	Complied
26.01.08	1,83,24,400	14.49	63,23,87,395	Conversion of Debentures	Foreign Investor	Complied
26.03.2010	(44,53,479)	3.64	61,01,20,000	Buyback of shares		Complied

Note :- Warrants were issued to the Promoters Group on August 30, 2005

72,50,000 Warrants allotted to the promoters were convertible in 2005-06. These Warrants were converted on March 29, 2006 into equity shares at a price of Rs. 6.50 per share i.e. at a premium of Rs. 1.50 per share.

87,50,000 Warrants allotted to the promoters were convertible in 2006-07. These Warrants were converted on February 27, 2007 into equity shares at a price of Rs. 6.50 per share i.e. at a premium of Rs. 1.50 per share.

Details of the build up of the Preference Capital are as under:-

Date of allotment	No of shares issued of Rs.100/- each	Cumulative paid up capital (Rs)	Mode of allotment	Identity of allottees (promoters/ ex promoters/ others)	Status of Compliance with applicable provisions of Regulations
15.11.1997	5,00,000	5,00,00,000	Cash	Financial Institutions and Insurance Companies	Not Applicable

Note:- The above cumulative redeemable preference shares were redeemed during the period ended 31st July, 2006.

Date of allotment	No of shares issued of Rs.5/- each	No of shares subscribed of Rs.5/- each	Cumulative paid up capital Rs.	Mode of allotment	Identity of allottees (promoters/ ex promoters/ others)	Status of Compliance with applicable provisions of Regulations
22.08.2005	1,66,49,119	1,66,49,119	8,32,45,595	Reorganization as per Scheme	Promoters, FIs and Public	Not Applicable
16.09.2005	93,73,862	9,04,180	8,77,66,495	Conversion of FITL as per Scheme	Financial Institutions	

5.10 Details of change in the shareholding of the promoters of PIL are as follows:

Date of Allotment Issue/Transaction	No. of Shares	Details of transaction	Cumulative Shares	Cumulative %	Regulatory Compliance
Opening Bal	2456088	Pre 1997 - Promoters' contribution	2456088	33.27	Not applicable
31.08.1998	2561675	Addition to Promoter Stake pursuant to merger of NSL Ltd	5017763	29.97	Not applicable
30.06.2001	-100	Deletion from Promoter Stake	5017663	29.97	Not applicable
31.12. 2001	200	Addition to Promoter Stake	5017863	29.97	Not applicable
31.03.2003	-72567	Deletion from Promoter Stake	4945296	29.54	Not applicable
30.06.2003	20051	Addition to Promoter Stake	4965347	29.66	Not applicable
30.09. 2003	-20126	Deletion from Promoter Stake	4945221	29.54	Not applicable
31.12.2003	-71672	Deletion from Promoter Stake	4873549	29.11	Not applicable
31.03.2004	-10534	Deletion from Promoter Stake	4863015	29.05	Not applicable
30.06.2004	28264	Addition to Promoter Stake	4891279	29.38	Not applicable
30.09. 2004	-21814	Deletion from Promoter Stake	4869465	29.24	Not applicable
26.11.2004	-22675	Sale	4846790	29.11	Informed Stock Exchange
04.12.2004	-53639	Sale	4793151	28.79	Informed Stock Exchange
18.12.2004	-823519	Sale	3969632	23.84	Informed Stock Exchange
20.12.2004	-1256479	Sale	2713153	16.30	Informed Stock Exchange
31.12.2004	-206850	Deletion from Promoter Stake	2506303	15.05	Not applicable
31.03.2005	383	Addition to Promoter Stake	2506686	15.06	Not applicable
30.06.2005	-1700	Sale	2504986	15.05	Informed to Co and BSE
30.09.2005	30946	Addition to Promoter Stake	2535932	15.23	Not applicable
Aug-05	13218934	AP HC Scheme Allotment *	15754866	20.63	A.P.High Court scheme
08.12.2005	13488457	Purchase from IDBI	29243323	38.30	Open Offer Triggered * *
	-262601	Deletion from Promoter Stake	28980722	37.95	As on 31.12.2005

31.03.2006	6765600	Warrants Conversion	35746322	42.75	Informed Stock Exchange
31.03.2006	-1952083	Sale	33794239	40.42	Informed Stock Exchange
Apr.- Jun 2006	7409086	Open offer	41203325	49.28	Purchase in Open Offer
Apr-06	-2800000	Sale	38403325	45.93	Informed Stock Exchange
20.06.2006	-866419	Sale	37536906	44.90	Informed Stock Exchange
30.06.2006	-1389400	Deletion from Promoter Stake	36147506	43.23	Not applicable
31.03.2007	8165600	Warrants Conversion	44313106	47.98	Informed Stock Exchange
31.03.2008	-350000	Deletion from Promoter Stake	43963106	34.76	Informed Stock Exchange
30.09.2008	1681100	Addition to Promoter Stake	45644206	36.09	Informed Stock Exchange
31.12.2008	20256	Addition to Promoter Stake	45664462	36.10	Complied
31.03.2009	568	Addition to Promoter Stake	45665030	36.11	Complied
30.09.2009	2353	Addition to Promoter Stake	45667383	36.11	Complied
31.12.2009	-2353	Sale	45665030	36.96	Complied
31.03.2010		Buyback	45665030	37.42	Complied

Note: details of change in the shareholding of the promoters are available from 1997

* Reconstruction and Arrangement based on Debt Restructuring Scheme under CDR Forum approved by A.P. High Court

* * Purchase from IDBI

5.11 Compliance of SEBI Takeover Regulations: The applicable provisions of Chapter II of SEBI Takeover Regulations have been, to a larger extent, complied with by the promoters of the Target Company. However, the promoters of the Target Company have not complied with some of the provisions of Chapter II and in cases where it has complied, there has been delayed compliance in most cases. The promoters of the Target company had filed an consent application dated July 22, 2008 in terms of SEBI circular No. EFD/ED/Cir.- 1/2007 dated April 20, 2007, seeking settlement of the enforcement actions, that may be initiated by SEBI for the aforesaid delays/failures. SEBI has vide letter CO/DRAII/856/89/2008 dated November 5, 2008, consented to the settlement application filed by the promoters of the Target company regarding delay in disclosure compliance of Disclosure requirements.

Status of compliance with the provisions of Chapter II of SEBI Regulations by the promoters of the Target company is as follows:

Sl. No	Regulation/ Sub- regulation	Due Date for compliance as per regulations	Actual date of compliance	Delay, if any (in no. of days) Col. 4 - Col. 3	Remarks
1	**2**	**3**	**4**	**5**	**6**
1	6(1)	20.04.1997	16.04.1997	-	In Time
2	6(3)	20.04.1997	15.07.2008	4012	Please refer Note A
3	8(1)	21.04.1998	------------	------------	Not Applicable
4	8(2)	21.04.1998	15.07.2008	3736	Please refer Note A
5	8(2)	Within 21 days of dividend record date i.e. 26.09.1998	15.07.2008	3578	Please refer Note A
6	8(1)	21.04.1999	------------	------------	Not Applicable
	8(2)	21.04.1999	15.07.2008	3372	Please refer Note A
	8(2)	Within 21 days of dividend record date	------------	------------	Not applicable as no Dividend was declared
7	8(1)	21.04.2000	------------		Not applicable
8	8(2)	21.04.2000	15.07.2008	3007	Please refer Note A
	8(2)	Within 21 days of dividend record date	------------	------------	Not applicable as no Dividend was declared
9	8(1)	21.04.2001	------------	------------	Not applicable
10	8(2)	21.04.2001	15.07.2008	2641	Please refer Note A

	8(2)	Within 21 days of dividend record date	------------	------------	Not applicable as no Dividend was declared
11	8(1)	21.04.2002	-------------	----------	Not Applicable
12	8(2)	21.04.2002	15.07.2008	2276	Please refer Note A
	8(2)	Within 21 days of dividend record date	------------	------------	Not applicable as no Dividend was declared
13	8(1)	21.04.2003	------------	------------	Not Applicable
14	8(2)	21.04.2003	15.07.2008	1911	Please refer Note A
	8(2)	Within 21 days of dividend record date	------------	------------	Not applicable as no Dividend was declared
15	8(1)	21.04.2004	------------	----------	Not Applicable
16	8(2)	21.04.2004	15.07.2008	1546	Please refer Note A
	8(2)	Within 21 days of dividend record date	------------	------------	Not applicable as no Dividend was declared
17	8(1)	21.04.2005	-------------	------------	Not Applicable
18	8(2)	21.04.2005	21.04.2005	------------	In Time
	8(2)	Within 21 days of dividend record date	------------	------------	Not applicable as no Dividend was declared
19	8(1)	21.04.2006	-----------	------------	Not Applicable
20	8(2)	21.04.2006	20.04.2006	------------	In Time
	8(2)	Within 21 days of dividend record date	------------	------------	Not applicable as no Dividend was declared
21	8(1)	21.04.2007	-----------	-----------	Not Applicable
22	8(2)	21.04.2007	20.04.2007	----------	In Time
	8(2)	Within 21 days of dividend record date	------------	------------	Not applicable as no Dividend was declared
23	7(1) & (2)		------------	------------	Not applicable
24	7(1A)&(2)		------------	------------	Not applicable
25	8(1)	21.04.2008	-----------	-----------	Not Applicable
	8(2)	21.04.2008	20.04.2008	----------	In Time
	8(2)	Within 21 days of dividend record date	------------	------------	Not applicable as no Dividend was declared
26	8(1)	21.04.2009	-----------	-----------	Not Applicable
	8(2)	21.04.2009	20.04.2009	----------	In Time
	8(2)	Within 21 days of dividend record date (RC 31.07.2009)	20.08.2009	------------	In Time
	8(2)	Within 21 days of dividend record date (RC 10.02.2010)	25.02.2010	------------	In Time
27	8(1)	21.04.2010	-----------	-----------	Not Applicable
	8(2)	21.04.2010	20.04.2010	----------	In Time

Note A: SEBI has vide letter CO/DRAII/856/89/2008 dated November 5, 2008 has consented to the settlement application by the Promoters regarding delay in disclosure compliance of Disclosure requirements.

There were no other shareholders holding the requisite percentage of voting capital so as to warrant disclosure under Chapter II of Takeover Regulations.

5.12 Compliance of SEBI Takeover Regulations: The applicable provisions of Chapter II of SEBI Takeover Regulations have been, to a larger extent, complied with by the Target Company. However, the Target Company has not complied with some of the provisions of Chapter II and in cases where it has complied there has been delayed compliance in most cases. The company had filed an consent application dated July 22, 2008 in terms of SEBI circular No. EFD/ ED/Cir.- 1/2007 dated April 20, 2007, seeking settlement of the enforcement actions, that may be initiated by SEBI for the aforesaid delays/failures. SEBI has vide letter CO/DRAII/857/89/2008 dated November 5, 2008, consented to the settlement application filed by the company regarding delay in disclosure compliance of Disclosure requirements. Status of compliance with the provisions of Chapter II of SEBI Regulations by the Target company is as follows:

Sl. No.	Regulation/ Sub- regulation	Due Date for compliance as mentioned in the regulation	Actual date of of compliance	Delay, if any (in no. of days) Col. 4 - Col. 3	Remarks
1	2	3	4	5	6
1	6(2)	19.05.1997	21.07.2008	3989	Please refer Note 1
2	6(4)	19.05.1997	21.07.2008	3989	Please refer Note 1
3	8(3)	30.04.1998	21.07.2008	3733	Please refer Note 1
	8(3)	Within 30 days of dividend record date i.e 30.09.1998	21.07.2008	3580	Please refer Note 1
4	8(3)	30.04.1999	21.07.2008	3368	Please refer Note 1
	8(3)	Within 30 days of dividend record date	------------	----------	Not applicable as no Dividend was declared
5	8(3)	30.04.2000	21.07.2008	3003	Please refer Note 1
	8(3)	Within 30 days of dividend record date	----------	----------	Not applicable as no Dividend was declared
6	8(3)	30.04.2001	21.07.2008	2637	Please refer Note 1
	8(3)	Within 30 days of dividend record date	----------	----------	Not applicable as no Dividend was declared
7	8(3)	30.04.2002	21.07.2008	2272	Please refer Note 1
	8(3)	Within 30 days of dividend record date	----------	----------	Not applicable as no Dividend was declared
8	8(3)	30.04.2003	21.07.2008	1907	Please refer Note 1
	8(3)	Within 30 days of dividend record date	----------	----------	Not applicable as no Dividend was declared
9	8(3)	30.04.2004	21.07.2008	1542	Please refer Note 1
	8(3)	Within 30 days of dividend record date	--------	--------	Not applicable as no Dividend was declared
10	8(3)	30.04.2005	29.04.2005	--------	In Time
	8(3)	Within 30 days of dividend record date	----------	----------	Not applicable as no Dividend was declared
11	8(3)	30.04.2006	29.04.2006	---------	In Time
	8(3)	Within 30 days of dividend record date	----------	----------	Not applicable as no Dividend was declared
12	8(3)	30.04.2007	20.04.2007	----------	In Time
	8(3)	Within 30 days of dividend record date	----------	----------	Not applicable as no Dividend was declared
13	7(3)	01.06.07	28.05.07	----------	In Time
		06.07.07	30.06.07	-----------	In Time
		05.01.08	31.12.07	------------	In Time
		04.02.08	31.01.08	------------	In Time
14	8(3)	30.04.08	22.04.2008	----------	In Time
	8(3)	Within 30 days of dividend record date	----------	---------	Not applicable as no Dividend was declared
15	7(3)	10.06.08	05.06.08	-----------	In Time
		02.09.08	26.08.08	------------	In Time
		17.11.2008	14.11.2008	------------	In Time
		22.03.2009	18.03.2009	------------	
16	8(3)	30.04.2009	28.04.2009	------------	In Time
		Within 30 days of dividend record date (RC: 31.07.2009)	27.08.2009	------------	In Time
		Within 30 days of dividend record date (RC: 10.02.2010)	01.03.2010	------------	In Time
17	7(3)	04.09.2009	31.08.2009	------------	In Time

	7(3)	23.09.2009	16.09.2009	------------	In Time
18	8(3)	30.04.2010	30.04.2010		In Time

Note 1: SEBI has vide letter CO/DRAII/857/89/2008 dated November 5, 2008 has consented to the settlement application by the company regarding delay in disclosure compliance of Disclosure requirements.

The company has complied with other provisions of Takeover Regulations and other applicable provisions of SEBI Act and other statutory requirements.

5.13 The Shares of the Company have not been suspended at any time in the ordinary course. The status of the compliance with the listing requirements by PIL and the penal actions, if any, taken by the Stock Exchanges are as under:

Hyderabad Stock Exchange:

S.No.	Period / Year	Particulars of non-compliances
1.	1996 – 1997	Distribution schedules not submitted and provisions of SAST not complied with.
2.	1997 – 1998	Distribution schedules not submitted and provisions of SAST not complied.
3.	1998 – 1999	Provisions of SAST not complied with and non-compliance with Clause 46 of Listing agreement.
4.	1999 – 2000	Provisions of SAST not complied with and non-compliance with Clause 46 of Listing agreement.
5.	2001 – 2002	Limited Review Report not submitted
6.	2002 – 2003	Limited Review Report & Secretarial Audit Report not submitted and provisions of SAST not complied with.
7.	2003 – 2004	Limited Review Report not submitted.
8.	2004 – 2005	Limited Review Report, Secretarial Audit Report for December 2004 not submitted.
9.	2005 – 2006	Limited Review Report, Secretarial Audit Report not submitted and Clause 46 of Listing Agreement for September 2005 not complied with.

Bombay Stock Exchange:

S.No.	Period / Year	Particulars of non-compliance
1.	February ,1997	Provisions of SAST not complied with.
2.	1998	Regulation of 8(3) of SAST not complied
3.	1999	Regulation of 8(3) of SASTnot complied
4.	2000	Regulation of 8(3) of SAST not complied
5.	2001	Regulation of 8(3) of SAST not complied
6.	December 2002	Secretarial Audit Report not submitted
7.	March 2003	Secretarial Audit Report not submitted
8.	2003	Regulation of 8(3) of SAST not complied with
9.	September 2003	Faulty reporting of clause 35. of Listing Agreement.
10.	September 2004	Faulty reporting of clause 35. of Listing Agreement.
11.	2005 – 2006	Delay in payment of listing fees. Interest of Rs 900/- Outstanding.
12.	September 2005	Secretarial Audit Report not submitted

5.14 The Company's management is vested with the Board of Directors. The composition of the Board of Directors as on the date of PA was as under:

Name, Address, Qualification & Age	Date of Appointment	Experience	Other Directorships
Mr. J. Nrupender Rao Plot No. 381, Road No.10, Jubilee Hills, Hyderabad – 500 034 B.Tech, MS, 60 Years (Executive Vice Chairman)	23.09.1995	About 38 Years	Pennar Chemicals Ltd Pennar Aluminium Company Ltd E Value Consulting
Mr. Ch. Anantha Reddy Flat No. 202, Padmavathi Apartments, Sadat Manzil, Ameerpet, Hyderabad – 500 016 B.E.(Metallurgical), PGDMM, 58 Years Executive Director	30.10.2000	About 35 Years	NIL

Mr. A . Krishna Rao B.A.(Hons.) In Economics,B.L,, P.G Diploma In Personel Management , 79 Non Executive - Independent	19.12.2005	About 45 Years	NIL
Mr. C. Rangamani Flat No. 1A, Rainbow Arihant, 11, Srinivasan Street, Mandaveli, Chennai – 600 028, B.sc (Agr), 64 Years (GIC Nominee)	31.01.2000	About 38 Years	Shakti Sugars Ltd. Shakti Auto Components ltd Alegion Insurance Service Ltd Suyay Insurance Services Pvt. Ltd.
Mr. P. Bhaskara Rao Plot No. 510, Gowtham Nagar Colony, Malkajgiri, Hyderabad – 500 047 M. Tech, 57 Years (Non Executive Director)	30.10.2000	About 35 Years	Pennar Aluminium Company Ltd E Value Consulting Ltd
Mr. Vijay Chandra Puljal Flat No. 206, My Home, Fern Hill, Apartments, Beside Zikra Public School , Rajbhavan Road, Somajiguda, Hyderabad – 500 082 M.Sc (Agr), 54 Years (Non Executive Director)	21.07.2005	About 35 Years	Pennar Aluminium Company Ltd
Mr. Ravi Chachra Eight Capital LLC, 305, Madison Avenue, Suite 5201, New York, NY 10165, MBA in finance from the Wharton Business School, 42 years (Non Executive Director)	July 29, 2006	About 20 years	NIL
Mr. Tarun Gandhi Spinnaker Capital Asia PTE Ltd.34th Floor,3,Teamsek Avenue, Singapore 039190, B.Com.(Hons.) ACA, 49years, Non executive Director	July 29, 2006	About 20 years	Falcon Tyres Ltd I G Petrochemicals Ltd Garware Chemicals Ltd. Jessop & Co.Ltd Kulu Properites & Finance Ltd. Pacific Apparels Ltd
Mr G. Vivekanand “Visaka Towers”, 1-8-303/69/3,S. P. Road, Hyderabad - 500 003 Andhra Pradesh INDIA M.B.B.S From Osmania University,Management,50 years	October 31, 2006	About 25 years	Visaka Industries Ltd Normak Fashions Pvt.Ltd Venus Energy (Pvt) Ltd.

Amongst above, Mr Ravi Chachra and Mr. Tarun Gandhi represented the Acquirers.

Of the above Mr. Vijay Chandra Puljal & Mr. Tarun Gandhi have ceased to be Directors.

As on the date of this Letter of Offer the composition of the Board of Directors of Pennar is as follows:

Name, Address, Qualification & Age	Date of Appointment	Experience	Other Directorships
Mr. J. Nrupender Rao Plot No. 381, Road No.10, Jubilee Hills, Hyderabad – 500 034 B.Tech, MS, 60 Years (Executive Vice Chairman)	23.09.1995	About 39 Years	Pennar Engineered Building Systems Limited Pennar Chemical Limited Pennar Aluminium Company Limited Pennar Management Services Limited E-value consulting Limited O & S Ratna Aluminium Fabricators Pvt. Ltd., Thapati Trading Private Limited Palguna Consultants Private Limited
Mr. Ch. Anantha Reddy Flat No. 202, Padmavathi Apartments, Sadat Manzil, Ameerpet, Hyderabad – 500 016 B.E.(Metallurgical), PGDMM, 62 Years Executive Director	30.10.2000	About 39 Years	NIL
Mr. A . Krishna Rao B.A.(Hons.) In Economics,B.L,, P.G Diploma In Personnel Management , 82 years Non Executive - Independent	19.12.2005	About 45 Years	NIL
Mr. C. Rangamani Flat No. 1A, Rainbow Arihant, 11, Srinivasan Street, Mandaveli, Chennai – 600 028, B.sc (Agr), 68 Years (GIC Nominee)	31.01.2000	About 38 Years	Shakti Sugars Ltd. Shakti Auto Components ltd
Mr. P. Bhaskara Rao Plot No. 510, Gowtham Nagar Colony, Malkajgiri, Hyderabad – 500 047 M. Tech, 61 Years (Non Executive Director)	30.10.2000	About 35 Years	Pennar Aluminium Company Ltd E Value Consulting Ltd O & S Ratna Aluminium Fabricators Private Limited
Mr. Ravi Chachra Eight Capital LLC, 850 Third Avenue – 10th floor, New York, NY-10022 MBA in finance from the Wharton Business School, 44 years (Non Executive Director)	July 29, 2006	About 20 years	Eight Capital Management, LLC
Mr G. Vivekanand “Visaka Towers”, 1-8-303/69/3,S. P. Road, Hyderabad - 500 003 Andhra Pradesh INDIA M.B.B.S From Osmania University,Management,52 years	October 31, 2006	About 25 years	Visaka Industries Ltd Normak Fashions Pvt.Ltd Venus Energy (Pvt) Ltd.

Mr. C. Parthasarthay Plot No.648 Road No.34,Jubilee Hills, Hyderabad 500 033 B.SC./ LL.B./ F.C.A. F.C.S 55 years, Non executive Director	October 30, 2008		Sri Saisairam Projects Limited Athena Infraprojects Private Limited Karvy Computershare Private Limited Karvy Comtrade Limited Karvy Global Services Limited Karvy Insurance Broking Limited Karvy Investor Services Limited Karvy Stock Broking Limited Nova Consultants Limited Ocean Sparkle Limited Karvy Global Services Inc. USA Karvy Inc. USA
Mr. B Kamalaker Rao 603,Bandari Residency, Umanagar,Kundanbagh, Begumpet, Hyderabad – 500016 B.Tech., IIT Delhi/ M.B.A, Faculty of Management Studies, Delhi University 61 years, Non executive Director	January 30, 2009		Feno Plast Limited
Mr. Aditya Rao Plot No: 381, Road No: 10 Jubilee Hills Hyderabad - 500 034 B.S, M. Eng 28 years, Director- Pojects	January 30, 2008	About 5 years	Pennar Engineered Building Systems Limited Pennar Management Services Limited Pennar Chemical Limited Thapati Trading Pvt Ltd Palguna Consultants Private Limited

5.15 Brief audited financial details of PIL for the last 3 years and unaudited financials for the subsequent period as certified by the statutory auditors are as follows:

(Rs. In Lakhs)

Profit & Loss Statement	**For the period ended 31.03.2008 (12 months)**	**For the period ended 31.03.2009 (12 months)**	**For the period ended 31.03.2010 (12 months)**
Income from operations	56,021.92	6,5327.3	79,796.03
Other Income	59.6	31.8	41.73
Total Income	56,081.52	65,359.09	79,837.76
Total Expenditure (excl. Depreciation and interest)	49,447.52	57,777.07	68,857.58
Profit Before Depreciation Interest and Tax	6,634	7,582.02	10,980.18
Depreciation	804.82	849.87	1,239.05
Interest	1,794.85	1,414.46	1,137.11
Preliminary Exp w/off	36.86	36.6	36.6
Profit Before Tax (Before Non Recurring Items)	3,997.47	5,281.09	8,567.42
Provision for Tax	916.82	1,472.2	3,560.41
Profit After Tax	3,080.65	3,808.89	5,007.02

(Rs. In Lakhs)

Balance Sheet Statement	**As at 31.03.2008**	**As at 31.03.2009**	**As at 31.03.2010**
Sources of funds			
Paid up equity share capital	6,323.87	6,323.87	6,101.2
Preference share capital	877.66	877.66	877.66
Paid up share capital	7,201.54	7,201.54	6,978.86
Share Application Money	-	-	-

Reserves and Surplus (excluding revaluation reserves)	7,590.71	8,842.84	11,035.05
Networth	14,792.24	16,044.38	18,013.91
Secured loans	10,152.13	10,678.67	12,568.86
Unsecured loans	1,801.63	2,041.45	2,329.21
Deffered tax Liability	-	-	406.75
Revaluation Reserves	4,026.32	3,773.18	3,519.91
Total	3,0772.32	3,2537.68	36,838.64
Uses of funds			
Net fixed assets (incl. CW IP)	12,798.69	13,452.22	14,899.04
Deferred Tax Asset	2,799.93	865.26	-
Investments	10.97	0.27	1850.27
Net current assets	15,042.65	18,136.45	20,042.45
Total miscellaneous expenditure not written off /adjusted	120.07	83.48	46.88
Profit & Loss A/c	-	-	-
Total	30,772.32	32,537.68	36,838.64

Other Financial Data	**Year ended 31.03.08**	**Year ended 31.03.09**	**Year ended 31.03.10**
Dividend (%)	NIL	20.00	15.00
Earning Per Share (annualised)	3.09	3.01	4.00
Return on Networth (%)	21.00	23.86	27.87
Book Value Per Share	10.91	11.93	14.00

For the purpose of determining BV and RONW, ratios used are: (a) Net Worth = Share capital + Share Application money + Reserves & Surplus - Miscellaneous Expenditure – P&L (debit balance), (b) Book Value = Net Worth (excluding preference capital and preference dividend) / No. of equity shares, (c) RONW= Profit after Tax / Net Worth (d) Earning Per Share= (Profit After Tax – Preference dividend)/ Weighted average number of equity shares

5.16 Reasons for rise / fall in Total Income and PAT for the last 3 years:

(Rs. In Lakhs)

	2010	**2009**	**2008**	**2007**
Total Income	79,837.76	65,359.09	56,081.51	33,573.27
PAT	5,007.02	3,808.89	3,080.68	1,487.07

Reasons for increase in total income and PAT for the year 2007 -2008: The company's shift to value added products segment helped in increase in top line and bottom line.

Reasons for increase in total income and PAT for the year 2008 -2009: Diversified product mix and increase the sales of rail wagons and rail coach products, road safety systems and building products. The steep increase in steel prices also contributed in the increase in total income.

Reasons for increase in total income and PAT for the year 2009 -2010: Company's strategy to transform into an engineering company by focusing on speciality profiles, sub-assemblies and fabricated components for transportation and infrastructure companies helped in increase in top and bottom line.

5.17 Shareholding pattern before and after the Offer (assuming full acceptances) as on the date of PA :

Shareholders' category	Shareholding & voting rights prior to the conversion of Part A debentures and offer.		Shares /voting rights acquired which triggered off the Regulations.		Shares/voting rights to be acquired in open offer (Assuming full acceptances)		Share holding / voting rights after the conversion of Part A debentures and offer.	
	(A)		**(B)**		**(C)**		**(A)+(B)+(C)=(D)**	
	No.	%	No.	%	No.	%	No.	%
(1) <u>Promoter Group</u>								
a. Parties to agreement, if any	-	-	-	-	-	-	-	-
b. Promoters other than (a) above	4,43,13,106	40.97%	-	-	-	-	4,56,65,030	37.42%
<u>Total 1(a+b)</u>	4,43,13,106	40.97%	-	-	-	-	4,56,65,030	37.42%
(2) <u>Acquirers</u>								

a. Eight Capital	-	-	87,11,200	7.14%	64,63,000	5.30%	1,51,74,200	12.44%
b. Spinnaker	1,57,95,600	14.60%	96,13,200	7.88%	1,88,32,496	15.43%	1,88,32,496	15.43%
Total 2(a+b)	1,57,95,600	14.60%	1,83,24,400	15.02%	2,52,95,496	20.73%	3,40,06,696	27.87%
(3) Parties to agreement other than(1) (a) & (2)	-	-	-	-	-	-	-	-
(4) Public (other than the acquirers)	4,80,44,373	44.42%	-	-	(2,52,95,496)	-20.73%	4,23,52,274	34.71%
GRAND TOTAL (1+2+3+4)	10,81,53,079	100.00%	1,83,24,400	15.02%	-	-	12,20,24,000	100%

Note: (a) percentages mentioned in column B, C and D have been calculated on the expanded / resultant capital of PIL post (i) conversion of Debentures and (ii) buyback of 44,53,479 shares by PIL.

(b) Spinnaker Funds held 1,57,95,600 equity shares as on the date of the PA. Currently Spinnaker Funds do not hold any shares in the paid up equity share capital of PIL.

(c) Equity share capital of PIL as on date of PA: 10,81,53,079 Shares

Equity share capital of PIL after conversion of Debentures: 12,64,77,479 Shares

Number of Shares bought back by PIL in the buyback: 44,53,479 Shares

Equity share capital of PIL post buyback: 12,20,24,000 Shares

(d) No other person / individual / entity is acting in concert with the Acquirers for the purposes of this Offer and therefore the reference to PACs has been deleted.

5.18 As on Friday January 25, 2008 i.e. Specified Date, there were 30,567 public Shareholders. All owners (registered or unregistered) of Shares of PIL, [except (i) the Acquirers and (ii) the Promoters of PIL], anytime before closure of the Offer, are eligible to participate.

5.19 As per the disclosure made in the Annual Report [2009], PIL has complied, in all material respects, with the requirements of the Corporate Governance Code as per Clause 49 of the Listing Agreement with the Stock Exchanges.

5.20 Details of the Compliance Officer are as follows:

Mr. R. Ravi, CFO & Company Secretary

Pennar Industries Limited
1-10-75/1/1-6, 3rd Floor, Saptagiri Towers,
S. P. Road, Begumpet, Hyderabad 500 016.
Tel: 040 27766781 – 85; Fax: 040 27768056
Email ID: pilhyd@sancharnet.in

5.21 Details of Litigations for which contingency provision has been made by PIL and which are pending as on the date of this letter of offer are as follows:

Nature of the dues	Authority	Amount (Rs.lakhs)
Customs duty & Interest	The Commissioner of Customs (Export)	62.3
Customs duty & Interest	The Commissioner of Customs (Appeals)	44.7
Customs duty & Interest	The Supreme Court of India	165.1
Entry Tax on Cix	The Supreme Court of India	165.3
Total		437.4

5.22 All the equity shares of the company are listed on the stock exchanges.

6. OFFER PRICE AND FINANCIAL ARRANGEMENTS

6.1 Justification of Offer Price

The Shares are presently listed and traded on BSE. The Shares were listed on HSE but SEBI had withdrawn the recognition of HSE with effect from August 29, 2007. Further, there are no partly paid up equity shares in the books of PIL.

The annualized trading turnover based on the trading volume in the equity shares on BSE during July 20007 to December 2007 i.e. six months preceding the date of conversion of the debentures into equity shares i.e. January 26, 2008 was 74.07% as during the said period 4,00,58,046 equity shares were traded on BSE [*Source: www.bseindia.com*].Details of trading during this period were as follows:

Stock Exchange	Total Shares traded	Total No. of listed Shares	Annualized trading turnover as a % of total number of listed Shares
BSE	4,00,58,046	10,81,53,079	74.07

Source: *www.bseindia.com*

As the annualized trading turnover was more than 5% of the total number of listed equity shares on BSE, the equity shares were deemed to be frequently traded on BSE within the meaning of the Explanation (i) of Regulation 20(5) of the SEBI Takeover Regulations

Consequently, the minimum offer price to be computed for this Offer would be governed by Regulation 20(4) of the SEBI Takeover Regulations as per the applicable parameters as per the details given below:

(a)	Negotiated price	Not Applicable
(b)	Highest price paid by the Acquirers or the PACs for acquisition, if any, including by way of allotment in a public or rights or preferential issue during the twenty six week period prior to the date of the PA	Rs. 14.75 per share
(c)	Average of weekly high and low of the closing prices of PIL for the 26 weeks period ended on January 25, 2008 i.e. the day preceding the conversion of Part A Convertible Debentures into equity shares [January 26, 2008], on the stock exchange, where the shares are most frequently traded i.e. BSE	Rs. 26.01 per share
(d)	Average of daily high and low prices of PIL for the 2 weeks period ended on January 25, 2008 i.e. the day preceding the conversion of Part A Convertible Debentures into equity shares [January 26, 2008], on the stock exchange, where the shares are most frequently traded i.e. BSE	Rs. 28.45 per share

Particulars of average of the weekly high and low of the closing prices and volume data on BSE, where the Shares are most frequently traded, for the twenty six weeks period ended January 25, 2008 i.e. the day preceding the conversion of Part A Convertible Debentures into equity [January 26, 2008] are as follows:

Wk No.	Week Ending	Weekly High (Rs.)	Weekly Low (Rs.)	Weekly Average (Rs.)	Volume Traded
1	25-Jan-08	26.95	23.00	24.98	2,27,754
2	18-Jan-08	33.60	29.90	31.75	3,73,697
3	11-Jan-08	38.05	31.75	34.90	5,81,431
4	4-Jan-08	45.05	38.60	41.83	19,10,337
5	28-Dec-07	35.85	35.10	35.48	6,18,055
6	21-Dec-07	36.75	34.40	35.58	12,19,302
7	14-Dec-07	34.55	26.20	30.38	17,23,645
8	7-Dec-07	27.15	26.90	27.03	4,31,936
9	30-Nov-07	27.40	25.40	26.40	7,59,269
10	23-Nov-07	23.95	22.25	23.10	1,92,259
11	16-Nov-07	23.50	21.30	22.40	3,97,023
12	9-Nov-07	21.70	21.15	21.43	55,758
13	2-Nov-07	23.00	22.00	22.50	1,27,587
14	26-Oct-07	23.40	22.60	23.00	1,90,054
15	19-Oct-07	24.40	22.05	23.23	2,12,940
16	12-Oct-07	23.60	21.55	22.58	1,27,203
17	5-Oct-07	24.25	22.15	23.20	1,60,273
18	28-Sep-07	24.30	23.10	23.70	4,03,978
19	21-Sep-07	23.00	22.70	22.85	1,42,647
20	14-Sep-07	22.90	22.55	22.73	67,783
21	7-Sep-07	23.80	22.70	23.25	83,755
22	31-Aug-07	24.90	22.10	23.50	217,105
23	24-Aug-07	21.70	20.10	20.90	50,499
24	17-Aug-07	23.05	21.90	22.48	53,729
25	10-Aug-07	23.85	22.65	23.25	1,13,791
26	3-Aug-07	24.80	22.75	23.78	2,09,217
Twenty Six Weeks Average (Rs.)					26.01

Source: www.bseindia.com

Particulars of average of daily high and low prices for the two weeks period ended January 25, 2008 i.e. the day preceding the conversion of Part A Convertible Debentures into equity [January 26, 2008] are as follows:

Dates	Daily High (Rs.)	Daily Low (Rs.)	Daily Average (Rs.)	Volume
25-Jan-08	24.15	22.10	23.13	2,21,478
24-Jan-08	25.40	23.00	24.20	1,92,979
23-Jan-08	25.50	23.10	24.30	3,67,382
22-Jan-08	24.30	24.30	24.30	42,526
21-Jan-08	29.50	26.95	28.23	3,14,406
18-Jan-08	32.50	29.60	31.05	3,45,414
17-Jan-08	32.95	30.70	31.83	2,49,619
16-Jan-08	32.45	29.70	31.08	5,62,755
15-Jan-08	34.80	32.75	33.78	2,72,873
14-Jan-08	34.20	31.00	32.60	4,37,824
Two weeks Average (Rs.)			28.45	

Source: www.bseindia.com

The equity shares of PIL were also listed on HSE but SEBI has withdrawn the recognition of HSE with effect from August 29, 2007.

The Offer Price of Rs. 28.45 per share is therefore justified in terms of Regulation 20(4) of the SEBI Takeover Regulations, applicable for companies whose shares are frequently traded, in view of this price being more than the highest of the above parameters and thus the Offer Price is justified as per regulation 20(11) of SEBI Takeover Regulations as stated above.

Besides above, the interest at the rate of 10% per annum i.e. Rs. 2.00 per Share is payable to the eligible public shareholders of PIL who held equity shares on the Specified Date and whose shares are accepted pursuant to the open offer, for delay of 257 days in the offer schedule i.e. from October 17, 2009 to July 1, 2010. Total consideration, therefore, in such cases works out to Rs. 30.45 per share (Offer Price Rs. 28.45 per share plus interest for delay Rs. 2.00 per share).

The Acquirers are permitted to revise this Offer upward upto seven working days prior to the date of closure of the Offer. In the event of such revision, an announcement will be made in the same newspapers where the PA has appeared and the revised offer price would be paid for all the shares tendered anytime during the Offer.

Acquirers have not paid any monetary consideration, whether by way of any non-compete fee or otherwise, or pursuant to any non-compete agreement for acquisition of equity stake in PIL.

Based on the above, (a) the Manager to the Offer and (b) the Acquirer are of the opinion that the offer price of Rs. 28.45 per share, plus interest for delay Rs. 2.00 per share, where applicable) is justified.

It will be ensured that the Offer Price is higher than the highest price paid by the Acquirers for any acquisition of Shares of PIL, if any, from the date of PA i.e. Tuesday – January 22, 2008 up to seven working days prior to the closure of the Offer i.e. Saturday – July 10, 2010.

6.2 **Financial Arrangements**

The maximum purchase consideration payable by the Acquirers in case of full acceptance of this Offer would be Rs. 71,96,56,862/- (Rupees Seventy One Crore Ninety Six Lakhs Fifty Six Thousand Eight Hundred Sixty Two only) for acquisition of 2,52,95,496 equity shares at the Offer Price of Rs. 28.45(Rupees Twenty Eight and Paise Forty Five only) per Share.

Interest at the rate of 10% per annum i.e. Rs. 2.00 per share is payable to the eligible public shareholders of PIL who held equity shares on the Specified Date and whose shares are accepted pursuant to the open offer, for delay of 257 days in the offer schedule i.e. from October 17, 2009 to July 1, 2010.

In view of above total purchase consideration payable by the Acquirers in case of full acceptance of this Offer, assuming all the eligible public shareholders held equity shares on the Specified Date, would be Rs. 77,02,47,853/- [Rupees Seventy Seven Crore Two Lakhs Forty Seven Thousand Eight Hundred Fifty Three only] for acquisition of 2,52,95,496 equity shares at the offer price of Rs. 30.45 (Offer Price Rs. 28.45 per share plus interest for delay Rs. 2.00 per share).

Mr. Denis Montpetit, CA and Mr. Andrew Yonda , Head of Fund Accounting, Dundee Leeds Management Services Ltd, having Principal Office at 129, Front Street, Hamilton, HM12 Bermuda, P. O. Box HM 1916, Hamilton HM HX, Bermuda, Tel No: 00 514 971 3179, Fax No: 00 514 448 2055, e-mail ID: dmontpetit@dundeeleeds.bm have certified, based on their calculation of Net Asset Value of Eight Capital, vide their letters dated January 18, 2008 and June 14, 2010,that Eight Capital has adequate financial resources to finance the acquisition of equity shares to the extent of their obligations of the Offer.

PricewaterhouseCoopers, CI LLP, Chartered Accountants, PO Box 321, National Westminster House, Le Truchot St Peter Port, Guernsey GY1 4ND, Channel Islands Tel: 00 44 0 1481 752000, Fax: 00 44 0 1481 752001 have certified vide their letter dated January 21, 2008 and the revised updated certificate dated June 22, 2010 that Spinnaker Funds have adequate financial resources, to finance the acquisition of equity shares to the extent of their obligations of the Offer.

The Acquirers have opened a cash escrow account with YES Bank Ltd, having their office at 9th Floor, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400018, in their capacity as the Escrow Banker, under the name and style of "Eight Capital – PIL - Open Offer Escrow Account" and bearing No. 000180200000449.

The Acquirers had remitted USD 24,04,956 [Eight Capital - USD 6,10,985 and Spinnaker Funds - USD 17,93,971 equivalent to approximately Rs. 9,48,68,413 to the abovementioned cash escrow account, being more than 25% of the total purchase consideration payable under the Offer assuming full acceptance at the aforesaid offer price in accordance with Regulation 28 of the SEBI Takeover Regulations.

The Acquirers, pursuant to revision in the offer price and interest obligation, have deposited an additional amount of Rs. 9,68,61,375.09 in the cash escrow acocunt. YES Bank Limited, Escrow Banker, vide their letter dated June 23 2010 certified that as on June 23, 2010, an amount of Rs. 19,17,29,788, was lying to the credit of the said cash escrow account.

Funds presently lying in the cash escrow account represent 25% of the total purchase consideration payable under the Offer assuming full acceptance at the aforesaid Offer Price and further assuming that all the eligible public shareholders held equity shares on the Specified Date, in accordance with Regulation 28 of the SEBI Takeover Regulations.

The Acquirers have confirmed that the funds lying in the above mentioned cash escrow account will be utilized exclusively for the purpose of the Offer. The Acquirers have authorized the Manager to the Offer to operate the cash escrow account in compliance with Regulation 28 of the Takeover Regulations. The Acquirers and the Escrow Banker have marked a lien on the a/c in favour of the Manager to the Offer.

In the event of any short fall in the cash escrow amount arising on account of exchange rate fluctuations, the Acquirers have undertaken to provide additional funds to ensure that the escrow account has adequate funds to the extent of at least 25% of the total purchase consideration payable under the Offer, to discharge their offer obligations irrespective of fluctuations in the exchange rate.

In view of above, the Manager to the Offer is satisfied that firm arrangements for financial resources required to implement the Offer i.e., funds and money for payment through verifiable means are in place to fulfill the obligations of the Acquirers under the Offer and is satisfied that the Acquirers have adequate and firm financial resources to meet the financial requirements of the Offer and ability to implement the Offer in accordance with the SEBI Takeover Regulations. No borrowings from banks / financial institutions or otherwise is envisaged.

The Acquirers propose to meet the financial obligation for this open offer via the investment corpus of their funds and internal accruals. No agreement was entered into between Eight Capital and Spinnaker Funds for funding required for the open offer.

No agreement was entered into between Eight Capital and Spinnaker Funds for acquisition of equity stake in PIL and the open offer. Shares that would be tendered in the valid form in terms of this Offer will be transferred in favour of the Acquirers viz Eight Capital and Spinnaker Funds, in the ratio of 25.55% and 74.45%.

7. TERMS AND CONDITIONS OF THE OFFER

7.1 The Offer is being made by the Acquirers to all Shareholders of PIL, whose names appeared in the Register of Members on Friday – January 25, 2008 i.e. Specified Date (ii) beneficial owners of the Shares of PIL whose names appeared as beneficiaries on the records of the respective Depositories, at the close of business hours on Friday – January 25, 2008 i.e. Specified Date and (iii) to those persons who acquire Shares of PIL any time prior to the date of the closure of the Offer i.e. Tuesday – July 20, 2010, but who are not the registered Shareholders of PIL, except the Acquirers and the Promoters of PIL.

7.2 The Offer is not subject to any minimum level of acceptance and the Acquirers will be obliged to acquire up to a maximum of 2,52,95,496 Shares of PIL that are tendered in the valid form in terms of this Offer subject to the terms and conditions mentioned in the PA and this Letter of Offer. The Shares of PIL that would be tendered in the valid form in terms of this Offer will be transferred in favour of the Acquirers viz Eight Capital and Spinnaker Funds, in the ratio of 25.55% : 74.45%.

7.3 The Offer will open on Thursday– July 1, 2010 and close on Tuesday – July 20, 2010.

7.4 The Shareholders who have accepted the Offer by tendering the requisite documents in terms of the PA / Letter of Offer can withdraw the same up to three working days prior to the date of the closure of the Offer i.e. on or up to Thursday – July 15, 2010.

7.5 The instructions, authorizations and provisions contained in the Form of Acceptance cum Acknowledgment constitute an integral part of the terms of this Offer.

7.6 Each Shareholder of PIL to whom this Offer is being made is free to offer his Shareholding in PIL in whole or in part while accepting the Offer. However, (i) the Acquirers and (ii) the Promoters of PIL are not eligible to tender their Shares under the Offer.

7.7 The Shares will be acquired by the Acquirers free from all liens, charges and encumbrances and together with all rights attached thereto, including the right to all dividends, bonus and rights declared thereafter.

7.8 The equity shares that are tendered in the Offer, will be those held by resident shareholders and may be those held by non-resident Indians or persons resident outside India who are not non-resident Indians, including overseas corporate bodies, if any, holding equity shares in PIL who may be persons not covered by specific provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. RBI, vide their letter dated April 9, 2008 granted approval to the Acquirers to acquire equity shares of PIL through open offer from the eligible shareholders.

7.9 In case of delay in receipt of statutory approvals, as explained above, SEBI has power to grant extension of time to the Acquirers for payment of purchase consideration to eligible shareholders of the Company, subject to the Acquirers agreeing to pay interest as directed by SEBI, for the delayed period in terms of Regulation 22(12) of the Takeover Regulations. If the delay occurs due to willful default of the Acquirers in obtaining requisite approvals, Regulation 22(13) of the Takeover Regulations will become applicable.

7.10 To the best of the Acquirers' knowledge, (a) no approval from banks / financial institutions of the Company is required for the Acquirers to make this Offer and (b) other than the approvals mentioned aforesaid, no other statutory or regulatory approval is required for the Acquirers to proceed with the offer. If any other approvals are required or become applicable subsequently, the Offer would be subject to such approvals. The Acquirers will have a right not to proceed with the Offer in the event the approvals are refused, in terms of Regulation 27(1)(b) of the Regulations.

7.11 There was no competitive bid.

7.12 As the Offer Price cannot be revised during seven working days prior to the closing date of the Offer i.e. prior to Saturday – July 10, 2010, it would be in the interest of the Shareholders to wait till the commencement of that period to know the final Offer Price and tender their acceptance accordingly.

7.13 The Manager to the Offer shall within a period of forty five days of the closure of the Offer inform BSE and SEBI as to level of acceptance received thereof.

7.14 The acceptance of the Offer of the Acquirers is entirely at the discretion of the Equity Shareholders of PIL .The Acquirers will not be responsible for any loss of share certificate(s) and Offer acceptance documents during transit and the Shareholders of PIL are advised to adequately safeguard their interests in this regard.

7.15 The Acquirers will proceed with the Offer even if they are unable to obtain acceptance to the extent of 2,52,95,496 fully paid-up Shares.

7.16 In the case of Shares acquired from non resident Shareholders, the Acquirers will not be responsible for any fall in the value of the rupee due to any fluctuation in the foreign exchange market on account of delay in the approval.

7.17 Accidental omission to dispatch this Letter of Offer to any person to whom this Offer has been made to or non-receipt of this Offer by any such person shall not invalidate the Offer in any way.

7.18 The acceptance must be unconditional and should be sent with the attached form duly filled in, signed by the applicant Shareholder(s) which should be received by the Registrar to the Offer at the address mentioned in para No. 8.13 on or before Tuesday – July 20, 2010. If any change or modification is made, the acceptance is liable to be rejected.

7.19 All expenses relating to the Offer will be borne by the Acquirers.

7.20 The Acquirers reserve the right of upward revision of price at any time up to seven working days prior to the closure of the Offer as per regulation 26 of the SEBI Takeover Regulations. The same price would be paid by the Acquirers for all the Shares tendered any time during the Offer and accepted under the Offer. The information about such revision(s), if any, would appear in the same newspapers in which PA has appeared.

7.21 Details of shares of PIL which were locked in as on the date of PA were as follows:

Sr. No.	Name of the shareholder	No. of shares	Locked-in shares as a % of total number of shares
1	J Nrupender Rao	2,50,000	0.23
2	J Rajayalakshmi	9,50,000	0.88
3	J Aditya Rao	14,00,000	1.29
4	J Avanti Rao	5,00,000	0.46
5	Ch Arathi	5,00,000	0.46
6	Ch Sridhar	5,00,000	0.46
7	P Bhaskara Rao	1,50,000	0.14
8	P Anasuya	1,00,000	0.09

9	Vijay Chandra Puljal	1,00,000	0.09
10	Jayanthi Puljal	2,50,000	0.23
11	Bhavana Puljal	2,50,000	0.23
12	Kalpana Puljal	2,50,000	0.23
13	Ch Anantha Reddy	2,15,600	0.2
14	V Narender Reddy	76,850	0.07
15	V Sunitha	76,850	0.07
16	K Laxma Reddy	76,900	0.07
17	Ch Jyothi	53,800	0.05
18	B Bal Reddy	50,000	0.05
19	B Vanajatha Reddy	50,000	0.05
20	Shanthi Pal Reddy	1,00,000	0.09
21	Exel Engineering Ltd	5,50,000	0.51
22	Pennar Chemicals Ltd	8,00,000	0.74
23	J Nrupender Rao	2,50,000	0.23
24	J Rajayalakshmi	15,50,000	1.43
25	J Aditya Rao	20,00,000	1.85
26	J Avanti Rao	5,00,000	0.46
27	Ch Arathi	5,00,000	0.46
28	Ch Sridhar	5,00,000	0.46
29	P Bhaskara Rao	1,50,000	0.14
30	P Anasuya	1,00,000	0.09
31	Vijay Chandra Puljal	1,00,000	0.09
32	Jayanthi Puljal	2,50,000	0.23
33	Bhavana Puljal	2,50,000	0.23
34	Kalpana Puljal	2,50,000	0.23
35	Ch Anantha Reddy	2,15,600	0.2
36	V Narender Reddy	76,850	0.07
37	V Sunitha	76,850	0.07
38	K Laxma Reddy	76,900	0.07
39	Ch Jyothi	53,800	0.05
40	B Bal Reddy	50,000	0.05
41	B Vanajatha Reddy	50,000	0.05
42	Shanthi Reddy	1,00,000	0.09
43	Exel Engineering Ltd	8,50,000	0.79
44	Pennar Chemicals Ltd	8,00,000	0.74
	Total	**1,60,00,000**	**14.79**

The abovementioned shares were locked in till August 29, 2008.

As on date of this Letter of Offer there are no shares which are subject to lock in.

The locked in Shares, if any, acquired pursuant to the Offer, will be transferred to the Acquirers subject to continuation of the residual lock in period in the hands of the Acquirers. There shall be no discrimination in the acceptance of locked in and non locked in shares

8. PROCEDURE FOR ACCEPTANCE AND SETTLEMENT OF THE OFFER

8.1 The Shareholders of PIL who wish to avail this Offer should forward the under mentioned documents by hand delivery or by registered post or by speed post or by courier to Mondkar Computers Pvt. Limited, the Registrar to the Offer [details of collection centres are given in para No. 8.13] so as to reach them on or before Tuesday – July 20, 2010 on working days during business hours indicated in para No. 8.13. In the case of dematerialized Shares, the Registrar is not bound to accept those Offers which have not yet been credited to the escrow depository account as on or before 3 p.m. IST on the date of closure of the Offer, i.e. Tuesday – July 20, 2010. No documents for tendering the Shares should be sent either to the Acquirers or Manager to the Offer or PIL.

8.2 The registered Shareholders of PIL holding physical shares should submit:

- The enclosed Acceptance Form duly completed and signed in accordance with the instructions contained therein by the Equity Shareholders of PIL in the same order in which they hold Shares in PIL. The order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.

- Original share certificate(s).
- Valid share transfer deed(s) duly signed as transferors by all Shareholders (in case of joint holdings) in the same order and as per specimen signatures lodged with PIL.

In case of non-receipt of the aforesaid documents, but receipt of the original share certificate(s) and transfer deed(s) duly signed, the Offer shall be deemed to be accepted.

In case the present signature of the Shareholder(s) differ from the specimen signatures lodged with PIL, transfer deeds should be duly attested at the appropriate place by a notary or bank manager or member of stock exchange under their seal of office and membership number. In each case, the name and address of the attesting authority, attesting authority's seal and registration number (if the authority is a notary public/member of stock exchange) or the name and address of the bank (if the authority is a bank manager) should appear. Further, all attestations should be unconditional, i.e. the authority attesting should not deny the responsibility of identifying the person and the signature by qualifying the attestation. If the said guidelines are not followed, the Acquirers reserve the right to reject the transfer deed along with the application.

8.3 Notwithstanding that the signature(s) of the transferor(s) has/ have been attested as aforesaid, if the signature(s) of the transferor(s) differ(s) from the specimen signature(s) recorded with PIL or are not in the same order, such Shares are liable to be rejected under this Offer even if the Offer has been accepted by a bonafide owner of such Shares.

8.4 Unregistered owners of shares / registered Shareholders who have not received the Letter of Offer and are holding physical shares should enclose the Acceptance Form which is available on the SEBI web site (www.sebi.gov.in), duly completed and signed in accordance with the instructions contained therein or an application in writing on a plain paper with original equity share certificates, original broker contract note, valid share transfer deed(s) as received from the market stating the name, address, number of Shares held, number of Shares offered, distinctive numbers and folio number. All other requirements for valid transfer (including matching of signatures) will be a precondition for acceptance. No indemnity is required from the unregistered owners.

8.5 In the case of Shareholders who have sent their physical share certificates for transfer to PIL can enclose the acknowledgement, if any, received from PIL. The Shareholders who are attaching the acknowledgement are requested to direct PIL in writing to retain the share certificates for onward submission to the Registrar to the Offer.

8.6 If required, Shareholders may download the Acceptance Form from SEBI's website (www.sebi.gov.in) or may request for the Acceptance Form from the Registrar to the Offer.

PLEASE DO NOT FILL IN ANY OTHER DETAILS IN THE TRANSFER DEED EXCEPT NAME, SIGNATURE AND WITNESS.

8.7 Procedure for Shares held in dematerialized form - Registered beneficiary owners:

The beneficiary owners (holders of Shares in dematerialized form) who wish to tender their Shares will be required to send their Form of Acceptance cum Acknowledgement along with a photocopy of the delivery instructions in "off-market" mode or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the DP in favor of the escrow depository account.

8.8 The beneficiary owners/ registered demat Shareholders who have not received Letter of Offer:

These Shareholders can apply on a plain piece of paper giving details like the name, address, number of shares held, no. of Shares offered, depository details i.e. DP name, DP ID and Client ID along with a photocopy of the delivery instructions in "off-market" mode or counterfoil of the delivery instruction in "off-market" mode, duly acknowledged by the DP in favor of the escrow depository account. Alternatively, they may download the Acceptance Form from the SEBI's site (www.sebi.gov.in) or may request for the Acceptance Form from the Registrar to the Offer. All other requirements for valid transfer (including matching of signatures) will be a precondition for acceptance.

8.9 Mondkar Computers Pvt. Ltd, Registrar to the Offer, have opened an escrow depository account. The details are as under:

Depository	NSDL
Depository Participant / DP	HDFC Bank Ltd
Client ID	23820394
DP ID	IN301151
Account Name	**MCPL Escrow A/c - PIL Open Offer**
ISIN	INE 932 A 0 1024

8.10 Shareholders of PIL having their depository account with a DP registered with CDSL have to use inter-depository delivery instruction slip for the purpose of crediting their equity shares in favour of the escrow depository account opened by the Registrar with HDFC Bank Ltd which is registered with NSDL. The Shareholders may note that the credit for the Shares tendered must be received in the escrow depository account, as specified above, on or before 3 p.m. IST on Tuesday – July 20, 2010.

8.11 For each delivery instruction, the beneficial owner should submit a separate Acceptance Form.

8.12 The Equity Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but are not limited to):

- Duly attested death certificate and succession certificate / No Objection Certificates **("NoC")** / letters from legal heirs (in the case of single Shareholder) where the original Shareholder has expired.
- Duly attested power of attorney, if any person other than the Shareholder has signed the Form of Acceptance cum Acknowledgement or transfer deed(s).
- In case of companies, the necessary corporate authorizations (including board and shareholders' resolutions) and specimen signatures of authorized signatories.
- Any other relevant documents, as deemed necessary.

In case of non-receipt of the aforesaid documents, but receipt of Shares in the escrow depository account on or before 3 pm IST on Tuesday – July 20, 2010, the Offer shall be deemed to be accepted provided subsequent receipt of all the relevant documents.

8.13 The Shareholders of PIL who wish to avail of the Offer can deliver all the relevant documents referred to above to the Registrar to the Offer at the addresses given below (on all days except holidays and Sundays) in accordance with the instructions specified in the Letter of Offer.

The collection centre mentioned below would remain open on Monday to Friday from 10.00 am to 1.00 pm and from 2.00 pm to 4.00 pm and on Saturdays from 10.00 am to 1.00 pm.

Addresses of the Collection Centres	**Contact Persons**	**Mode of delivery**	**Phone/ Fax / Email**
Mondkar Computers Pvt Limited 21, Shakil Niwas, Opp: Satya Saibaba Temple, Mahakali Caves Road, Andheri East, Mumbai 400093	Devanand Dalvi	Hand Delivery/ Regd Post/ Courier	Tel: 022 28207203 -05 Fax: 022 2820 7207 Email: info@mondkarcomputers.com
Mondkar Computers Pvt. Ltd, c/o 1-8-155/A, Behind Autofin showroom, Above Sharavana Bhavan hotel P G road, Secunderabad -500003	Mr Sireesh Terela	Hand Delivery	Tel : 040 65648544/ 65908183 Cell No. : 9246529673

8.14 The documents sent by registered post/ speed post/ courier or through any other means will be at the applicant's own risk and cost.

8.15 All owners (registered or unregistered) of Shares of PIL except (i) the Acquirers and (ii) the Promoters of PIL, are eligible to participate in the Offer.

In the event that the shares tendered in the Offer by the Shareholders of PIL are more than the Shares to be acquired under the Offer, the acquisition of Equity Shares from each Shareholder will be as per the provisions of Regulation 21(6) of the Regulations i.e. on a proportionate basis, to be decided in a fair and equitable manner, in consultation with the Manager to the Offer, irrespective of whether the Shares are held in physical or dematerialized form.

8.16 As on the date of the PA, the paid up equity share capital of PIL was Rs. 54,07,65,395/- represented by 10,81,53,079 equity shares of Rs. 5/- each. Paid up equity share capital of PIL, upon the conversion of remaining Part A Convertible Debentures on January 26, 2008 was Rs. 63,23,87,395/- represented by 12,64,77,479 equity shares of Rs. 5/- each. Therefore, while determining 20% of the paid up equity share capital for the purpose of minimum public offer, paid up equity share capital of Rs. 63,23,87,395/- comprising of 12,64,77,479 equity shares of Rs. 5/- each was considered in terms of Regulation 21(5) of SEBI Takeover Regulations which provides that for the purpose of determining minimum 20% of the voting capital of the Company, voting rights as at the expiration of 15 days after the closure of the proposed public offer shall be reckoned. If the original open offer schedule or the revised schedule post issuance of observations by SEBI on August 29, 2008 been followed, the open offer would have been completed before the buy back exercise. It is because of the appeal filed by the Acquirers before the Supreme Court that the buyback offer and consequent reduction in capital took place before the open offer. Therefore it was decided to maintain the offer size as it was disclosed in the PA. There are no partly paid up equity shares in the books of PIL.

8.17 The minimum marketable lot for the purpose of acceptance, for both physical and demat Shares, would be one Share.

8.18 Shares, if any, that are subject matter of litigation wherein the Shareholder/s is/are/ may be precluded from transferring the Shares during the pendency of such litigation are liable to be rejected in case directions/orders from competent authority regarding these Shares are not received together with the Shares tendered under the Offer.

8.19 The Shareholders who have sent their Shares for dematerialization need to ensure that the process of getting Shares dematerialized is completed well in time so that the credit in the escrow depository account should be received on or before 3 pm IST on the date of closure of the Offer, else the application would be rejected.

8.20 The Registrar to the Offer will hold in trust the Share certificates, Shares lying in credit of the escrow depository account, Form of Acceptance cum Acknowledgement, if any, and the transfer form(s) on behalf of the Shareholders of PIL who have accepted the Offer, till the Offer obligations are completed in full by the Acquirers.

8.21 In the case of dematerialized Shares, the Shares would reside in the escrow depository account as mentioned above. The Registrar to the Offer will debit the escrow depository account to the extent of payment of consideration made by the Acquirers. The Shares held in dematerialized form to the extent not accepted as a result of non-payment / part payment of consideration by the Acquirers will be released to the beneficial owner's depository account with the respective beneficial owner's depository participant as per details furnished by the beneficial owner in the Acceptance Form, at the sole risk of the beneficial owner.

8.22 In accordance with regulation 22(5A) of the Takeover Regulations, the Shareholders who have tendered the requisite documents in terms of the PA and this Letter of Offer shall have the option to withdraw acceptances tendered up to three working days prior to the closing date of the Offer. The withdrawal option can be exercised by submitting the documents as per the instructions given below so as to reach the Registrar to the Offer at the collection centers mentioned above as per the mode of delivery indicated therein on or before Thursday – July 15, 2010.

8.23 The withdrawal option can be exercised by submitting (a) the Form of Withdrawal which will be sent to Shareholders along with the Letter of Offer and (b) the copy of the acknowledgement received from the Registrar to the Offer while tendering the acceptances together with (c) In respect of physical Shares – name, address, distinctive numbers, folio number, and number of Shares tendered and in respect of dematerialized Shares – name, address, number of Shares tendered, DP Name, DP ID, beneficiary account number and photocopy of the delivery instruction in off market mode duly acknowledged by DP. In case of non-receipt of Form of Withdrawal, the above application can be made on a plain paper.

8.24 In case of partial withdrawal of the Offer or rejection of Shares:

- The Shareholders who have tendered Shares in physical form and wish to partially withdraw their tenders, should also enclose valid share transfer form(s) for the remaining Shares (i.e. Shares not withdrawn) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with PIL and duly witnessed at the appropriate place.
- The withdrawal of Shares will be available only for the share certificates / Shares that have been received by the Registrar to the Offer / in the escrow depository account.
- The intimation of returned Shares / rejected Shares to the Shareholders will be made at the address as specified in the Acceptance Form.
- The Form of Withdrawal should be sent only to the Registrar to the Offer, at the collection centres mentioned in para No. 8.13.
- In case of partial withdrawal of Shares tendered in physical form and the original share certificates are required to be split, the withdrawn Shares will be returned on receipt of share certificates from PIL.
- In case of partial withdrawal of Shares / rejection of Shares tendered in demat form, the Shares withdrawn / rejected will be credited to the beneficial owner's depository account with the respective DP as furnished in the Acceptance-cum-Acknowledgment form. It is the responsibility of the Shareholder to ensure that the withdrawn Shares / unaccepted Shares are accepted by their respective DP when transferred by the Registrar to the Offer. The Shareholders should ensure that their depository account is maintained till the Offer formalities are completed.
- Partial withdrawal of tendered Shares can be done only by the registered Shareholders / beneficial owners.
- In case of partial withdrawal, the earlier Form of Acceptance-cum-Acknowledgement will stand revised to that effect.
- The Shareholders holding Shares in dematerialized form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

8.25 Transfers not lodged: In case any person has lodged Shares of PIL for transfer and such transfer has not yet been effected, the concerned person may apply as per instruction contained in para No. 8.5 above together with the acknowledgement of the lodgement of Shares for transfer. Such persons should also instruct PIL to send the transferred share certificate(s) directly to Mondkar Computers Pvt Limited, 21, Shakil Niwas, Opp: Satya Saibaba Temple, Mahakali Caves Road, Andheri East, Mumbai 400093 India. The applicant should ensure that the certificate(s) reach the designated collection centre on or before the Offer closing date, else the Offer will be deemed invalid.

8.26 Dematerialization process not complete: In case any person has tendered his physical Shares in PIL for dematerialization and such dematerialization has not yet been effected, then, the concerned Shareholder may apply in the Offer as per instructions mentioned above together with a photocopy of the completed dematerialization request form acknowledged by Shareholder's DP. Such Shareholders should ensure the credit of the Shares to the escrow depository account at the end of business hours on Tuesday – July 20, 2010 and forward a copy of the delivery instructions acknowledged by the DP to the collecting centre.

8.27 The payment to the Shareholders would be done through various modes as follows:

o National Electronic Clearing Service ('N**ECS**') – Payment would be done through NECS for shareholders having an account in any of the core banking enabled branches of sponsor banks for NECS.

This mode of payment (NECS) would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories.

- o Direct Credit – Shareholders having bank accounts with the Escrow Agent, as mentioned in the Form of Acceptance cum Acknowledgement, shall be eligible to receive payments through direct credit. Charges, if any, levied by the Escrow Agent for the same would be borne by the Acquirers.

- o Real Time Gross Settlement (‘**RTGS**’) – Shareholders whose amount exceeds Rs. 1 lakh, have the option to receive the payment through RTGS.

  Such eligible Shareholders who indicate their preference to receive payment through RTGS are required to provide the IFSC code in the Acceptance-cum-acknowledgement form. Charges, if any, levied by the Escrow Bank for the same would be borne by the Acquirers. Charges, if any, levied by the Shareholder’s bank receiving the credit would be borne by the Shareholder.

- o National Electronic Fund Transfer (‘**NEFT**’) – Payment shall be undertaken through NEFT wherever the Shareholder’s bank has been assigned the IFSC, which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment, duly mapped with MICR numbers. Wherever the Shareholders have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment will be made to the Shareholder through this method..

For all Shareholders, including physical Shareholders, to whom payments cannot be made by NECS/ RTGS or NEFT, the payments will be dispatched under certificate of posting for value upto Rs. 1,500/- and through speed post/ registered post for payments of Rs. 1,500/- and above. Such payments will be made by cheques, pay orders or demand drafts drawn on the branches of the Escrow Agent and/or its correspondent bank, payable at places where acceptance forms are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Shareholders.

8.28 While tendering Shares under the Offer, non resident Shareholders (NRI/FII etc.) will be required to submit the previous RBI / GOI approvals, if any, which they would have obtained for acquiring the Shares of PIL and Tax Clearance Certificate (“**TCC”**) from the Income Tax authorities under the Income Tax Act, 1961 (“**Income-tax Act**”) indicating the rate at which the tax is required to be deducted by the Acquirers before remitting the consideration. In case previous approvals as explained above are not submitted, the Acquirers reserve the right to reject the Shares tendered in the Offer. In case the aforesaid TCC is not submitted, the Acquirers will deduct the tax at the current prevailing rates as applicable to the category of the Shareholder under the Income Tax Act on the entire consideration payable to such shareholder.

8.29 As per the provisions of Section 196D (2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD of the Income Tax Act payable to a FII as defined in section 115AD of the Income Tax Act. However the Interest payment for delay in payment of consideration, if any, shall not be governed by this provision. For interest payments, if any, FIIs shall also have to provide their TCC, indicating the amount of tax to be deducted. In absence of the same, the Acquirers will arrange to deduct tax on the interest component, at the rate as may be applicable to the category of Shareholder under the Income Tax Act.

8.30 In the case of resident Shareholders, the Acquirers will deduct the tax on the interest component exceeding Rs. 5,000/- at the current prevailing rates as applicable, if applicable. If the resident Shareholder requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, he will be required to submit NoC from the Income Tax authorities or a self declaration in Form 15H as may be applicable indicating the rate at which tax is to be deducted by the Acquirers. The Shareholders eligible to receive interest component exceeding Rs. 5,000/- would be required to give their Permanent Account Number (“**PAN**”) for income-tax purposes.

Notwithstanding the details given in paragraph 8.28, 8.29 and 8.30 payment will be made to resident and non resident Shareholders subject to compliance of prevailing tax laws.

8.31 The securities transaction tax will not be applicable to the Shares accepted in this Offer.

9. DOCUMENTS FOR INSPECTION

Copies / certified copies of the following documents will be available for inspection at the office of YES Bank Limited, 12th Floor, Discovery of India Building, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai 400 018 during normal business hours on any working day i.e. Monday to Friday between 10 am and 3 pm during the Offer period i.e. from Thursday– July 1, 2010 to Tuesday – July 20, 2010.

1. Incorporation related documents of the Acquirers.
2. Memorandum and Articles of Association of Acquirers.
3. Audited financial statements of the Acquirers for the years ended December 31, 2007, 2008 and 2009.
4. Audited financial statements of PIL for the years ended March 31, 2008, 2009 and 2010.
5. Letter dated January 21, 2008 and June 23, 2010 from the escrow banker confirming deposit of requisite funds in the cash escrow account.

6. Copy of the Debenture Subscription Agreement dated July 21, 2006.

7. Letter dated January 21, 2008 received from the Acquirers that the escrow funds will be exclusively utilized for the Offer.

8. Newspaper clipping of the PA published on January 22, 2008

9. Letter dated August 29, 2008 and June 9, 2010 received from SEBI in terms of Regulation 18(2).

10. SAT Order dated July 22, 2009

11. Escrow Depository Agreement entered into with the Registrar to the Offer.

12. Certificate dated January 18, 2008 and June 14, 2010 from Mr. Denis Montpetit, and Mr. Andrew Yonda CA , Head of Fund Accounting, Dundee Leeds Management Services Ltd certifying that Eight Capital have adequate financial resources to finance the open offer to the extent of their obligations of the Offer.

13. Certificate dated January 21, 2008 and June 22, 2010 from PricewaterhouseCoopers, Chartered Accountants certifying that Spinnaker Funds have adequate financial resources to finance the open offer to the extent of their obligations of the Offer.

10. DECLARATION BY THE ACQUIRERS

1. A copy of the draft Letter of Offer was delivered to (a) the Board of Directors of PIL and (b) Bombay Stock Exchange Limited for their information and perusal on February 5, 2008.

2. The Acquirers and the directors of the Acquirers accept full responsibility for the information contained in this Letter of Offer and also for the obligations of the Acquirers as laid down in regulation 22(6) of SEBI Takeover Regulations.

3. The Acquirers are responsible, jointly and severally, for ensuring compliance with SEBI Takeover Regulations.

4. Information provided by the Target Company has been relied on for the purpose of disclosures made in relation to the Target Company. Subject to the aforesaid, the Acquirers and the directors of the Acquirers accept full responsibility for the information contained in this LOF.

5. The Manager to the Offer has ensured that Mr. Ravi Chachra and Mr. Marcos Lederman are duly and legally authorized to sign the Letter of Offer.

6. As on the date of the PA and this Letter of Offer, in terms of Regulation 16(via) of the SEBI Takeover Regulations, the Manager to the Offer does not hold any Shares. As required under Regulation 24(5A) of the SEBI Takeover Regulations, the Manager to the Offer shall not deal in the Shares during the period commencing from the date of its appointment in terms of Regulation 13 of the SEBI Takeover Regulations until the expiry of fifteen days from the date of closure of the Offer.

For and on behalf of Eight Capital Master Fund Ltd, Spinnaker Global Opportunity Fund Ltd , Spinnaker Global Emerging Markets Fund Ltd and Spinnaker Global Strategic Fund Ltd

Sd/-

Ravi Chachra
Director
Eight Capital Master Fund Ltd

Place: Cayman Islands
Date: June 25, 2010

Sd/-

Marcos Lederman

Spinnaker Funds

Place: British Virgin Islands
Date: June 25, 2010

Encl: 1. Form of Acceptance cum Acknowledgement with Form of Withdrawal

2. Transfer Deed (as applicable)

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

- Please submit this Form with enclosures to the Registrar to the Offer at their address given overleaf.
- Please read the enclosed Letter of Offer dated June 25, 2010 carefully before filling this Acceptance Form.
- All terms and expressions used herein shall have the same meaning as ascribed thereto in the Letter of Offer.
- Each Shareholder of PIL to whom this Offer is being made, is free to offer his Shareholding in PIL in whole or in part while accepting the Offer.

OFFER
OPENS ON : JULY 1, 2010
CLOSES ON : JULY 20, 2010

FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT

From:

Folio No./DP ID / Client ID

Name : **Tel No. ;**

Full Address : **Fax No.:**

Email :

	RESIDENT
	NON-RESIDENT

To,
Mondkar Computers Pvt Limited
21, Shakil Niwas
Opp: Satya Saibaba Temple
Mahakali Caves Road
Andheri East, Mumbai 400093
[Unit: Pennar Industries Ltd]

Dear Sir,

Sub: Offer for purchase of upto 2,52,95,496 fully paid up Shares of the face value of Rs. 5/- (Rupees Five only) each, representing 20.00% of the voting paid up equity share capital of Pennar Industries Limited, at a price of Rs. 28.45 (Rupees Twenty Eight and Paise Forty Five only) per fully paid up equity share ["Offer Price"] plus interest for delay in the offer schedule, of Rs. 2.00 (Rupee Two only) per fully paid up equity share at the rate of 10% p.a, to be paid to the eligible shareholders of PIL who held equity shares on the Specified Date **by Eight Capital Master Fund Ltd, Spinnaker Global Opportunity Fund Ltd , Spinnaker Global Emerging Markets Fund Ltd and Spinnaker Global Strategic Fund Ltd [Acquirers]**

I/We refer to the Letter of Offer dated June 25, 2010 for acquiring the Shares held by me/us in PIL**.**

I/We, the undersigned, have read the Letter of Offer and understood the contents including the terms and conditions mentioned therein.

☐ **FOR SHARES IN PHYSICAL FORM**

I/We accept the Offer and enclose the original Share certificate (s) and duly signed transfer deed(s) in respect of my / our Shares as detailed below:

Sr. No	Ledger Folio No	Certificate No	Distinctive Nos		No of fully paid-up Shares	PAN No. (Mandatory)
			From	To		
				Total number of Shares		

Note: Please attach an additional sheet of paper if the above space is insufficient and authenticate the same.

I/ We note and understand that the original Share certificate (s) and valid Share transfer deed(s) will be held in trust for me / us by Registrar to the Offer until the time the Acquirers complete the Offer obligations under the SEBI Takeover Regulations as mentioned in the Letter of Offer. I/ We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

☐ **SHARES IN DEMATERIALIZED FORM**

I/We holding Shares in the dematerialized form accept the Offer and enclose the photocopy of the delivery instruction in "off-market" mode, duly acknowledged by the DP in respect of my/our Shares as detailed below:

DP Name	DP ID	Client ID	Beneficiary Name	No of fully paid-up Shares	PAN No. (Mandatory)

I/ We have executed an off-market transaction for crediting the Shares to the escrow depository account opened by Mondkar Computers Pvt. Limited with HDFC Bank Ltd styled ""**MCPL Escrow A/c - PIL Open Offer**" with the following particulars:

-- Tear Here --

ACKNOWLEDGEMENT RECEIPT

Folio No_____________________DP ID____________________ Client ID________________________________ Sr. No._______________

Received from Mr./ M/s____

residing at ____

a Form of Acceptance cum Acknowledgment for Offer of _________ Shares of PIL along with: ☐ Copy of delivery instruction slip ☐ share certificate(s) under folio number(s) ______________________along with transfer deed(s).

Stamp of collection centre	Signature of Official	Date of Receipt

DP Name	DP ID	Client ID	ISIN
HDFC Bank Ltd	IN301151	23820394	INE 932 A 0 1024

☐ via a delivery instruction from my account with NSDL ☐ via inter-depository delivery instruction from my account with CDSL

I/ We note and understand that the Shares would reside in the Escrow Depository Account until the time the Acquirers complete the Offer obligations under the SEBI Takeover Regulations as mentioned in the Letter of Offer

☐ **For NRIs/ FIIs/ Foreign Shareholders:**

I/We have enclosed the following documents:

☐ No Objection Certificate/Tax Clearance Certificate from Income Tax Authorities, as applicable.

☐ RBI approval(s) for acquiring Shares of PIL hereby tendered in the Offer.

Following documents should be enclosed wherever applicable

☐ Power of attorney

☐ Death certificate/ succession certificate/ No objection Certificate/ letters from legal heirs- duly attested

☐ Corporate authorization in case of companies along with board/ general meeting resolutions and specimen signatures of authorized signatories

☐ Others (please specify) _________________________

Bank details: So as to avoid fraudulent encashment in transit, the Shareholder(s) holding Shares in physical form should provide details of bank account of the first/sole Shareholder and the consideration cheque or demand draft will be drawn accordingly. For Shares that are tendered in electronic form, the bank account as obtained from the beneficiary position download to be provided by the Depositories will be considered and the payment instruments will be issued with those bank particulars only:

Name of Bank		**Branch**	
Account Number		Current/ Savings/Others (Please specify)	
IFSC Code		RTGS / NEFT	
9 Digit MICR No.			

I/We confirm that the Shares of PIL, which are being tendered herewith by me/us under this Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/ We note and understand that once I/ We have accepted the Offer by tendering the requisite documents in terms of Public Announcement / Letter of Offer, I/ We have the option to withdraw the same up to three working days prior to the date of the closure of the Offer i.e. up to Thursday – July 15, 2010.

I/We authorize the Acquirers to accept the Shares so offered which they may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/We further authorize the Acquirers to return to me/us, share certificate(s) in respect of which the Offer is not found valid/not accepted, specifying the reasons thereof.

I/We authorize the Acquirers to accept the Shares so offered or such lesser number of Shares that they may decide to accept in terms of the Letter of Offer and I/We authorize the Acquirers to split / consolidate the share certificates comprising the Shares that are not acquired to be returned to me/us and for the aforesaid purposes the Acquirers are hereby authorized to do all such things and execute such documents as may be found necessary and expedient for the purpose.

I/We authorize the Acquirers and the Registrar to the Offer and the Manager to the Offer to send by registered post/speed post/under certificate of posting as may be applicable at my/our risk, the draft/cheque/payment instruments, in full and final settlement of the amount due to me/us and/or other documents or papers or correspondence to the sole/first holder at the address mentioned below.

<u>In case of Shares tendered in dematerialized form,</u>

I/We authorize the Acquirers, Registrar to the Offer and the Manager to the Offer to use my details regarding my address and bank account details as obtained from my depository participant for the purpose of mailing the aforementioned instruments.

Yours faithfully,

Signed and Delivered

	Full name(s) of Shareholder(s)	Specimen Signature(s)	PAN/ GIR No.
1st/ Sole Holder			
Joint Holder 1			
Joint Holder 2			
Joint Holder 3			

Note: In case of joint holdings, all holders must sign. A corporation must affix its rubber stamp.

Address of first/ sole holder where the purchase consideration/ share certificates are to be dispatched ________________________________

____

Place:

Date:

Note: All future correspondence, if any should be addressed to the Registrar to the Offer at

MONDKAR COMPUTERS PVT LIMITED
(UNIT: PENNAR INDUSTRIES LIMITED)
21, Shakil Niwas, Opp: Satya Saibaba Temple
Mahakali Caves Road, Andheri East, Mumbai 400093
Tel: 91 22 28207203-05 • Fax: 91 22 2820 7207• Email: info@mondkarcomputers.com
SEBI Registration No: INR 00000 4082
Contact: Ravindra Utekar

PROCEDURE FOR ACCEPTANCE

The Equity Shareholders of PIL who wish to avail the Offer can deliver all the relevant documents referred to above to the Registrar to the Offer at the collecting centres specified below in accordance with the instructions specified in the Letter of Offer and Acceptance Form so as to reach them not later than Tuesday – July 20, 2010

Collecting centres details:

Addresses of the Collection Centres	Contact Persons	Mode of delivery	Phone/ Fax / Email
Mondkar Computers Pvt Limited 21, Shakil Niwas, Opp: Satya Saibaba Temple, Mahakali Caves Road, Andheri East, Mumbai 400093	Devanand Dalvi	Hand Delivery/ Regd Post/ Courier	Tel: 022 28207203 -05 Fax: 022 2820 7207 Email: info@mondkarcomputers.com
Mondkar Computers Pvt. Ltd, c/o 1-8-155/A, Behind Autofin showroom, Above Sharavana Bhavan Hotel, P G Road, Secunderabad -500003	Mr Sireesh Terela	Hand Delivery	Tel : 040 65648544/ 65908183 Cell No. : 9246529673

Monday to Friday from 10.00 am to 1.00 pm and from 2.00 pm to 4.00 pm and on Saturdays from 10.00 am to 1.00 pm. excluding Sundays and public holidays.

PLEASE NOTE THAT NO SHARES / FORMS SHOULD BE SENT DIRECTLY TO THE ACQUIRERS OR TO THE MANAGER TO THE OFFER

(1) **All queries** pertaining to this Offer may be directed to the Registrar to the Offer.

(2) **Shareholders holding registered Shares** should submit the Form duly completed and signed in accordance, by the holders of the Shares, along with the original equity share certificate(s) and valid equity share transfer form(s) duly signed as per the specimen signatures lodged with PIL and duly witnessed at the appropriate place. <u>Please do not fill in any other details in the transfer deed except name, signature and witness.</u>

(3) **Shareholders holding Shares in dematerialized form** should submit the Form duly completed and signed in accordance with the instruction contained therein by all the beneficial holders of the Shares, as per the records of the DP.

(4) **In case of Shares held in joint names**, names should be filled up in the same order in the Form and in the transfer deed(s) as the order in which they hold Shares in PIL, and should be duly witnessed. This order cannot be changed or altered nor can any new name be added for the purpose of accepting the Offer.

(5) **In case where the signature is subscribed by thumb impression**, the same shall be verified and attested by a magistrate, notary public or special executive magistrate or a similar authority holding a public office and authorized to use the seal of his office.

(6) **Persons who own Shares (as on the Specified Date or otherwise) but are not the registered holders** of such Shares and who desire to accept the Offer, will have to communicate their acceptance in writing to the Registrar to the Offer together with the original contract note issued by the broker, the share certificate(s), the transfer deed(s) with the buyers details not filled in and other relevant documents. In case the share certificate(s) and transfer deed(s) are lodged with PIL / its transfer agent for transfer, then the Form shall be accompanied by the acknowledgment of lodgment with, or receipt by, PIL /its transfer agent, of the share certificate(s) and transfer deed(s). Persons under this paragraph should submit their acceptance and necessary documents by registered post or speed post or courier or in person to the Registrar at their office as mentioned above.

(7) **Non-resident Shareholders** should enclose copy (ies) of permission received from Reserve Bank of India to acquire Shares held by them in PIL.

(8) **Non-resident Shareholders** are advised to refer to the clause on taxation in the Letter of Offer regarding important disclosures regarding the taxation of the consideration to be received by them.

(9) **In case of bodies corporate**, certified copies of appropriate authorization (including board/shareholders' resolutions, as applicable) authorizing the sale of Shares along with specimen signatures duly attested by a bank must be annexed. The common seal should also be affixed.

(10) **All the Shareholders** should provide all relevant documents which are necessary to ensure transferability of the Shares in respect of which the acceptance is being sent. Such documents may include (but not be limited to):

(a) Duly attested death certificate and succession certificate / NOC letters from the legal heirs (in case of single Shareholder) in case the original Shareholder has expired.

(b) Duly attested power of attorney if any person apart from the Shareholder has signed acceptance form or transfer deed(s).

(c) No objection certificate from any lender, if the Shares in respect of which the acceptance is sent, were under any charge, lien or encumbrance.

FORM OF WITHDRAWAL

OFFER OPENS ON	June 1, 2010
LAST DATE FOR WITHDRAWAL	July 15, 2010
OFFER CLOSES ON	July 20, 2010

I/ We would like to withdraw my/our acceptance in terms of regulation 22(5A) of the SEBI Takeover Regulations and my/our relevant details are as follows:

☐ In respect of physical shares

Name		
Address		
Distinctive Numbers		
Folio Number		
Share Certificate Numbers	From	
	To	
Number of Shares tendered		
Number of Shares withdrawn		

Copy of acknowledgment received from the Registrar to the Offer while tendering the acceptance is being attached herewith.

☐ In respect of demat / electronic shares

Name	
Address	
Number of Shares tendered	
Number of Shares withdrawn	
DP Name	
DP ID	
Beneficiary Account Number	

Photocopy of the delivery instruction slip in off market mode duly acknowledged by DP is attached along with a copy of the acknowledgment received from the Registrar to the Offer while tendering the Shares is being enclosed herewith.

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ACKNOWLEDGEMENT RECEIPT

Folio No______________________DP ID_____________________ Client ID__________________________________ Sr. No.________________

Received from Mr./ M/s____

residing at ____

a Form of withdrawal of Offer of _________ Shares of PIL along with: ☐ Copy of delivery instruction slip ☐ share certificate(s) under folio number(s) _______________________along with transfer deed(s).

Stamp of collection centre	**Signature of Official**	**Date of Receipt**

Note: All future correspondence, if any should be addressed to the Registrar to the Offer at

MONDKAR COMPUTERS PVT LIMITED
(UNIT: PENNAR INDUSTRIES LIMITED)
21, Shakil Niwas, Opp: Satya Saibaba Temple
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